

ORGANIZATION, STRUCTURE AND DECISIONMAKING PROCEDURES OF THE DEPARTMENT OF DEFENSE

HEARINGS BEFORE THE COMMITTEE ON ARMED SERVICES UNITED STATES SENATE NINETY-EIGHTH CONGRESS FIRST SESSION

SEPTEMBER 20, 1983

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TUESDAY, SEPTEMBER 20, 1983

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

The committee met in open session, pursuant to notice at 10:08 a.m., in room SR-385, Russell Senate Office Building, Senator John Tower (chairman) presiding.

Present: Senators Tower, Thurmond, Goldwater, Warner, Wilson, Nunn, and Kennedy.

Staff present: Alan R. Yuspeh, general counsel; James G. Roche, staff director for the minority; Paul C. Besozzi, minority counsel; and Brenda K. Hudson, assistant chief clerk; Michael B. Donley, Richard D. Finn, George K. Johnson, Jr., James R. Locher III, Bruce D. Porter, and James C. Smith, professional staff members; Mary Kampo, Jacquie S. O'Grady, and Toni D. White, staff assistants.

Also present: John Campbell, assistant to Senator Warner; Ron Kelly, assistant to Senator Humphrey; Jim Dykstra, assistant to Senator Cohen; Jon Etherton, assistant to Senator Jepsen; Hank Steenstra, assistant to Senator Quayle; Patrick McKim, and Mark J. Albrecht, assistants to Senator Wilson; Arnold L. Punaro, assistant to Senator Nunn; Greg Pallas, assistant to Senator Exon; Matthew Murray and James Steinberg, assistants to Senator Kennedy; and Joshua Epstein, assistant to Senator Levin.

OPENING STATEMENT BY SENATOR JOHN TOWER, CHAIRMAN

Chairman TOWER. The committee will come to order.

The committee meets this morning for the second in its series of hearings on organization, structure, and decisionmaking procedures in the Department of Defense. We began these hearings on July 28, when Secretary Weinberger appeared before the committee.

We continue the hearings today with three individuals who are highly knowledgeable about Department of Defense organization. They are particularly well qualified to place a number of issues the committee is concerned with into perspective. Our witnesses today will appear as a panel. Each will make an introductory statement and then answer questions.

The members of our panel are Lt. Gen. Victor H. Krulak, U.S. Marine Corps, retired; Mr. Philip A. Odeen; and Mr. Richard C. Steadman.

General Krulak served for 34 years in the Marine Corps, and is a veteran of World War II, Korea, and Vietnam. For 4 years he commanded all marines in the Pacific Ocean area. He also was assigned in the early 1960's with the Joint Chiefs of Staff. General Krulak has recently authored a provocative study of DOD organization entitled "Organization for National Security".

Philip A. Odeen was assigned for a number of years to the Defense Department and to the National Security Council. Mr. Odeen was the Principal Deputy Assistant Secretary of Defense for Systems Analysis. Since leaving the Government, he has been an officer of Wilson Sporting Goods, and he is presently regional managing partner for management services of the public accounting firm of Coopers & Lybrand. Mr. Odeen was the director of a report done in September 1979 entitled "National Security Policy Integration".

Richard C. Steadman also served as a Deputy Assistant Secretary of Defense. He had responsibility for policy at the Department on East Asia and Pacific Affairs from 1966 to 1969. Mr. Steadman led the Carter/Mondale transition team in 1976, and he directed a report issued in July 1978 on "National Military Command Structure." For a number of years, Mr. Steadman was associated with J. H. Whitney & Co., and is presently a business executive with that company.

Gentlemen, as you know, these hearings are wide reaching. We are concerned about the roles of military and civilian advice in DOD decisionmaking, the breakdown of management responsibilities in the Department, the functioning of the JCS, the role of the unified commands, and the relationship of DOD to other executive department agencies.

Since each of you have given these and related topics your close attention, it is most valuable to the committee that you can be with us today.

Senator Nunn has been detained. Without objection, I will insert his prepared statement in the hearing record at this point.

[The prepared statement of Senator Sam Nunn follows:]

PREPARED STATEMENT OF SENATOR SAM NUNN

Mr. Chairman. I welcome this second in a series of hearings the committee has planned on the organization of the Department of Defense. The last broad-based legislative reassessment of our national security mechanisms occurred 25 years ago. That assessment led to the Department of Defense Reorganization Act of 1958. Much has changed in the world since then. Our national security problems are more complex. Decisions about allocating budgetary and other defense resources are far more complicated. We must ensure that the organization of the Department set up to further our national security objectives permits the efficient and effective accomplishments of that mission.

Concerns expressed about the structure of the Joint Chiefs of Staff are but one of the recent developments which underscore the importance of these hearings and the general subject they will address.

Mr. Chairman, this morning's witnesses are eminently qualified to testify before the committee on these very timely issues. All three have engaged in very scholarly endeavors on national security organization, policy integration or military command structure. I have read General Krulak's excellent work and, based on his recommendation, successfully urged the committee to reduce DOD headquarters staffs. The defense authorization conference report now awaiting the President's signature directs a reduction of 5 percent, or approximately 4,100 military and civilian personnel, in the various headquarters staffs throughout the Defense Department by the end of fiscal year 1984. I am currently serving

with Mr. Odeen on a panel which includes many leading experts on defense reorganization. Finally, I am familiar with Mr. Steadman's excellent work for Secretary Harold Brown that has been widely read and quoted.

Thus, Mr. Chairman, I look forward to hearing from these witnesses. I am especially interested in pursuing with them why—with their own and many other excellent studies and recommendations made over the years—we have seen so little change? Is there an inertia which needs to be overcome? If so, what are the major changes needed and how do we effect these changes?

Again, I commend the chairman for his initiation of these hearings on a topic of such vital importance to our national security. I also want to compliment the chairman and the staff for the excellent background memorandum that was prepared for this hearing.

Chairman TOWER. I would like to defer to Senator Kennedy if he has any opening comment to make.

Senator KENNEDY. Thank you very much, Mr. Chairman.

I take note that this is the first time this committee has met as a committee since the loss of our dear friend and ranking minority member, Senator Jackson. We have already had an opportunity to speak about Senator Jackson and his work, not only on this committee, but his services to the Senate as well as to the country. I know members are mindful of his very extraordinary service to the Committee on Armed Services as we continue the work of this committee.

I also want to say it is our first meeting since the chairman has indicated he would not be a candidate for reelection. Although we have differed on a number of issues, I think all of us on this committee are mindful of the very considerable expertise the chairman has developed, not only as chairman of the Committee on Armed Services and in his many years of service on this committee, but also prior to coming to the Senate.

Perhaps future debates will be less spirited and the discussions less lively, but one can be sure that through the discussions led by Senator Tower, the real security interests of the United States were enhanced.

I think these hearings are certainly not covering what might be considered a glamorous subject matter, but all of us who are concerned about the security interests of this country recognize full well we have a clear strategy to develop. If we are able to gain the support of the American people on that strategy, the interests of this country, our allies, and friends around the world will be enhanced.

I know there are some very important recommendations this panel will make in terms of the structure of the Joint Chiefs of Staff as well as the civilian element of the Department of Defense. They have given a great deal of time to those issues. I just want to express a welcome to their contribution to our efforts in dealing with this complex and important issue.

I thank the chairman.

[The prepared statement of Senator Edward M. Kennedy follows:]

PREPARED STATEMENT BY SENATOR EDWARD M. KENNEDY

The issue before us today is not glamorous. The organization and decision-making processes of the Defense Department do not often make page one headlines. But these questions are vital to our national security. They are every bit as important as the size of our defense budget or what weapons systems to purchase. Unless the President and the Secretary of Defense get the best possible military advice, the finest Armed Forces money can buy will be to no avail. A coherent decisionmaking process is critical in the nuclear age, where poor plan-

ning, communication, and deliberation can threaten the very survival of the human race.

The members of the committee differ considerably on important questions of what weapons systems are needed, and even on broad strategic goals. But one thing we can agree on is the need to develop and articulate a coherent joint national strategy. The current system has produced a non-strategy. We need a process to assess our national security and develop the weapons and strategy to fulfill those needs.

One of the most pressing issues to address is whether the current Joint Chiefs of Staff system assures that the collective wisdom and experience of the individual services is translated into the best military advice, free from parochial service interests.

The JCS was created as the principal source of military advice to the President, Secretary of Defense, and Congress on such vital issues as force structure, military roles and missions, readiness, joint doctrine, new weapons and the defense budget. Too often, this important role is unmet because the Chairman of the Joint Chiefs lacks independent authority. It is imperative that we take steps to ensure rational defense planning and procurement that is not simply the sum of individual service interests. Similarly, we can strengthen the role of our conventional forces by giving our field commanders, the CINC's, more input via the JCS. Rationalizing our joint planning and decisionmaking will also help eliminate the enormous waste that comes from overlap and duplication among the services.

For too long we have played lipservice to reform of the JCS. It is vital to our national security that we act decisively to remedy the shortcomings of the present organization. Our witnesses today have extensive experience with these critical questions, and their insights will help us shape a rational response to the challenges. I look forward to working with my colleagues to move forward with concrete proposals for sound reform of our defense organization and planning processes.

Chairman TOWER. Thank you, Senator Kennedy, for your very generous remarks.

I would be remiss if I did not say we will sorely miss Scoop Jackson. I think no one on this committee will miss him more than I. I have learned a great deal from him.

I think no one was better competent to deal with the arcane theology of the nuclear weaponry than Scoop Jackson. No one understood it better, or worked harder in the pursuit of a negotiated resolution of the arms race than Scoop Jackson.

Our first speaker today will be General Krulak. We will hear from all of our panelists before we proceed to questions.

I omitted one thing in reciting General Krulak's background. He was once the Commanding Officer of Senator Warner who sits on this committee. Sometimes, General, your training and tutelage and discipline are reflected in Senator Warner's conduct, but sometimes they are not. We will not pass judgment on that today.

Senator WARNER. Mr. Chairman, I reported to him dutifully when I walked into the room.

Chairman TOWER. General Krulak, if you will proceed, then we will hear from Mr. Odeen and Mr. Steadman. Then we will question all panelists in turn.

May I say we would like you to confine your statement to 10 minutes or so, no more than that, if possible. We have complete statements that will be made a part of the record. We will incorporate any material you present in the record. If you make your oral presentations relatively short, we will have more time for questions and answers.

**STATEMENT OF LT. GEN. VICTOR H. KRULAK, U.S. MARINE CORPS,
RETIRED**

General KRULAK. Thank you, Mr. Chairman.

My qualification for being here is the fact that I was involved directly with the National Security Act from its original enactment through all its subsequent amendments and have studied the effect the growth in bureaucracy has had on our ability to meet our military crises.

My pleasure at being here is exceeded only by my satisfaction in knowing this distinguished committee is attacking one of our most pressing national problems, the adequacy of the organization on which we depend for insuring our survival in a hostile world.

I will not burden the committee with a detailed recital of my perception of how we grew to our present topheavy bureaucratic military posture, beyond saying its size and complexity have reached crisis dimensions, to the extent that I question our ability to defend ourselves.

Nor will I detail my views of how we should go about setting affairs right, beyond saying we can greatly improve our defense organization, and that the answer is neither in more dollars nor the delegation of more power. My detailed thoughts on both matters—the cause and the cure—are embodied in an essay I recently wrote on the subject. The essay has been made available to each of you, and I proffer it to the committee herewith as my opening statement.

Meanwhile, I believe the best service I can render your important group is to respond to your questions, drawing on 35 years of study of the evolution of our military establishment.

Thank you.

Chairman TOWER. Thank you, General.

Mr. Odeen?

STATEMENT OF MR. PHILIP A. ODEEN

Mr. ODEEN. Thank you, Mr. Chairman and members. I appreciate the opportunity to take part in this discussion of these most important issues.

As you indicated, Mr. Chairman, the numbers of issues to be addressed are very broad. So I would like to focus my comment on one rather narrow but I think important issue, the role of the NSC and interagency process in the management of the Department of Defense. I will be happy to respond to questions in other areas during the question and answer period.

NSC STAFF RESPONSIBILITIES

As background, let me briefly talk about the responsibilities of the NSC staff as I perceive them, responsibilities regarding the entire national security policy establishment. In my view, there are two quite different but interconnected roles.

First, there is the role of the NSC staff as personal staff to the President.

Second, there are a series of institutional responsibilities the NSC has as manager of the interagency process.

Let me expand on this latter role since it most directly impacts the management of Defense.

In my view there are five areas where the NSC staff has institutional responsibilities which impact on Defense as well as State, ACDA, and CIA agencies. They are:

First, setting out a strategic framework, that is laying down policies, goals, objectives and, very importantly, priorities to guide the making of foreign policy and defense policy.

Second, forcing decisions on major issues. There is an enormous flow of papers, cables, and memoranda that go to the White House and to the President for decision. It is very easy to get swept up with this paper flow. The NSC staff has an important responsibility to rise above it and pick out issues that are of great consequence for national security, subject them to interagency review and analysis, if that is appropriate, and insure that the President has a chance to make an informed decision on them.

Third, to manage that interagency process. Again you have to make sure good analysis is done, the appropriate views are brought to bear on the issues and the President is in a position to make a sound decision.

Fourth, they must insure that the President's decisions are implemented. One aspect of this is making certain that the decisions are communicated to bureaucracy clearly and that the rationale for those decisions is explained, if appropriate. Then they must follow up to make sure the policies and program decisions are carried out. Unless some followup or oversight is carried out, implementation often does not happen.

Finally, the NSC staff must be involved in planning for crises. Given the constraints on time, let me only elaborate on this latter point since I think it is a very important but often neglected one.

PLANNING FOR CRISIS

In the past crises we have often found ourselves poorly prepared when the crisis erupted and in the aftermath looked back and said we could have done better. Our reactions were not carefully thought out and our responses were not nearly as good as they should have been.

This has been true of military plans. But I believe it is even more true in the nonmilitary area, diplomatic, economic and political actions that were taken in response to the crisis.

Military contingency plans are usually available when a crisis erupts. As a result, there is a tendency to focus on military actions rather than on nonmilitary actions simply because there are no other reasonable sets of options available. This is a serious deficiency and should be remedied.

The NSC has two responsibilities in the planning area. They should work with the Secretary of Defense and his key military advisers to insure that the military planners are focusing on the appropriate contingencies and that they use reasonable and sound foreign policy and political assumptions in their planning. Moreover, they

should insure that a broad range of military options are being developed.

Second, and perhaps more importantly, they must be involved in nonmilitary planning. I am suggesting an interagency process to insure that careful planning is done for potential crises to insure you have a broad range of diplomatic, political, and economic plans in being to respond to crises. We should not be forced to act in a very ad hoc way or fall back on military plans simply because they are available.

In many cases military force will be necessary but in other cases nonmilitary means would be more appropriate if they had been thoughtfully and appropriately planned in advance. This is a difficult and sensitive area but one which I believe is most important. Unless we pay more attention to it, I suspect when future crises occur we will stumble through them as we have so many times in the past.

THE NSC AND DOD

Let me focus more precisely on the role of the NSC staff and the interagency process in managing the Defense Department. The NSC role should be far more limited than it is with respect to foreign policy establishment where it is heavily involved in foreign policy and diplomatic matters. Its role should be more limited in defense because of the range of issues to be addressed and their technical complexity. The Secretary of Defense has an enormous challenge managing the Department and does not need a lot of outside help.

Yet there are at least two reasons in addition to the planning issue I have already raised, why NSC involvement is necessary.

First, defense needs a well formulated strategic framework and set of priorities to guide its planning. Unless it has such a framework, no amount of money will insure our priority needs are met or that we will have a reasonably efficient, well focused military establishment. Formulating such a strategy and set of priorities requires involvement by the White House and other agencies such as State in addition to the Secretary, the JCS and other key defense leaders.

Second, I think we all recognize that the Government's financial crisis and huge deficits are something we are going to have to live with for a long period of time. Given this fiscal outlook, it is important we set a multiyear level of defense spending that will be affordable and thereby avoid the ups and downs in defense spending that have characterized budgets over the past 10 years. This issue also requires deep involvement by the NSC and other parts of the White House as well as the Secretary of Defense.

Let me mention some specific areas and types of defense issues where the NSC should be involved, hopefully going beyond the general comments I have made.

In considering this question, I think it is important to remember a dictum I have heard attributed to President Eisenhower. He said, "Things that are truly important are seldom urgent and things that are urgent are seldom truly important." His point is that there is an enormous flow of papers and cables that have tight deadlines but are not of fundamental importance. The NSC staff must decide which

issues matter to our long-term security and insure they are addressed and addressed systematically. Let me suggest five areas that I believe fit this criteria.

First, the NSC must be involved in setting multiyear budget levels for the Defense Department, determining what, in fact, is affordable, given the administration's overall fiscal policy. Moreover, beyond that I believe there should be interagency and White House involvement in the broad allocation of defense resources, how much should go to the Navy, Air Force, and Army, but not in the specific weapon systems issues.

Second, there will be a few major program issues that inevitably must be addressed by the President. Examples are MX basing, the B-1, and the All-Volunteer Force. Issues of this type will periodically arise that will require Presidential decision and as a result the NSC staff must be involved.

Third, there are a limited number of issues that affect our diplomatic position in the world and our arms control policy. Examples include troop deployments overseas and decisions on certain selected weapon systems. Such issues have impacts beyond defense and an interagency process is required to insure these nondefense factors are considered.

Fourth, the NSC must followup to insure Presidential decisions are, in fact, implemented.

Finally, they must be involved in planning for crises, an issue I discussed earlier.

This involvement by the NSC in defense matters must be done without unduly impacting the Secretary of Defense's responsibilities. He has an enormously difficult job. He has far more help than he needs in many cases and therefore the NSC's involvement must not be unduly intrusive. I believe this can be done. The NSC staff must be selective in picking issues and then handle them without unduly burdening the Secretary of Defense.

There are four factors to keep in mind when the NSC or an interagency group gets involved in defense management.

First, it is important to address the issues before the Secretary makes a decision and before the service positions are hardened. If you wait until the Secretary decides an issue, you are apt to have a bureaucratic battle rather than a substantive discussion of the issues.

Second, an interagency committee should look on its role as advisory to the Secretary, providing advice on diplomatic, political, or economic considerations and leave the decision to him. If the decision is contrary to the strongly held views of the Secretary of State or the Director of the Arms Control Agency, they always have the option of going to the President to appeal the Secretary of Defense's decision. But this should only be done in rare cases. Most of the time they should advise the Secretary, helping him make a sound decision.

Third, the analysis should be at the proper level. For example, they should focus on the broad allocations of resources, not whether to buy this missile or that type of ship.

Finally, the participants should be senior officials at the Assistant Secretary or Under Secretary's level, not junior staff. This helps to keep a focus on broad policy matters.

Mr. Chairman, Members of the committee, that concludes my remarks. I will be happy to respond to questions on these and any other issues you wish to raise.

[The prepared statement of Mr. Odeen follows:]

PREPARED STATEMENT OF PHILIP A. ODEEN

Mr. Chairman and Members of the committee: I appreciate the opportunity to appear before the committee on this important and topical issue. There are a wide range of matters that deserve attention. However, I will focus my testimony on one aspect, the role that the NSC staff and the interagency process should play in Defense decisionmaking. I will, of course, be happy to address other matters in response to your questions.

Before getting into my specific recommendations, I would like to put this issue in context. Defense clearly has the responsibility to develop a strategic framework for its programs as well as to set priorities since resources are never adequate to meet all the needs that arise. Within this strategic framework and set of priorities DOD must then make sound choices on its programs and develop adequate budgets to carry them out. These areas are the clear responsibility of the Secretary of Defense, the Service Secretaries and the military leadership. Yet there is also a significant role in Defense decision making for other elements of the executive branch, primarily State, the Arms Control Agency, the CIA and the White House Staff. This normally, and indeed can best be done within the NSC system of an administration. The role of orchestrating the decision process as well as insuring that the President's policies and priorities are carried out, falls to the assistant to the President for National Security Affairs and the NSC staff. Thus, my remarks today will largely focus on the NSC staff and its role and responsibilities in the Defense planning and resource allocation process as well as in planning for the use of our military forces in times of crisis or conflict.

THE RESPONSIBILITY OF THE NSC STAFF

The NSC staff has two related, but quite distinct roles; (1) staff advisors to the president on security and foreign policy issues; and (2) coordinators and managers of the interagency national security process. I characterize these as the "personal" and "institutional" roles of the National Security advisor and his staff.

A. Personal Staff Role.—The most difficult role to define is the personal role the NSC and staff should play in supporting the President's management of Defense and foreign policy issues. No firm set of rules can be laid out since they will depend heavily on the President's own desires and styles. Even the casual observer can visualize how sharply the needs of Presidents Johnson, Nixon, Carter and Reagan would differ. Yet some, let's call them "universal" guidelines can be set. I see at least four areas where support to the President is necessary.

The President must be kept informed on key issues that he may be forced to address—be they potential crises or major decisions that will bubble to the top of the executive branch. He may have strong views on the issue which should be understood early by the bureaucracy, not just at decision time.

He must be brought into the issues in time so that he, in fact, can make a decision. If the President is kept out beyond some point, he, in fact, may have little room for maneuver or risks a major controversy if he makes a choice other than that proposed by the bureaucracy.

The President must appear to be in charge. The NSC staff should ensure he is well prepared for press encounters and foreign visits. Decisions of major impact should be announced by the White House (or at least an important White House role should be apparent).

Support for the President during crises or conflicts is perhaps the most critical aspect of the NSC's responsibilities. When a crisis occurs, the President will be forced to play a central role and he will require a steady flow of information, analysis and advice. As will be discussed in more detail later, this support cannot be ad hoc or dependent on actions that take place after the crisis develops. Advance planning is essential. These style differences significantly affect the NSC as a place to work, but do not change fundamentally, what the NSC staff must do to support the President.

B. The Institutional Role.—The NSC staff's role as President's key advisor on foreign affairs is very visible, but its institutional role is more fundamentally important. Regardless of the personal demands made on the staff by the President or the manner in which he decides to organize the NSC staff and system, there are at least five "institutional" functions that must be carried out. They are:

1. *Setting Out A Policy Framework.*—The first and most obvious task is to define the basic security policies and priorities for the Administration. Such a policy framework is essential to guide the programs and actions of Defense, State, ACDA, and the other agencies involved in the nation's security and foreign policy affairs. This framework is normally the product of a series of inter-agency studies to set the basic parameters for our security policy, such as our policy goals and priorities for Europe, the Middle East, and Japan, the principal objectives and missions for our military forces, and the Administration's approach to major Arms Control issues.

2. *Forcing Decisions on Major Issues.*—Helping the President cope with a heavy flow of issues coming to him for decision is also a basic function for the NSC staff. Yet it has an equally important responsibility to identify the major issues in advance that will require the administration's attention, and then to ensure that they are adequately addressed. This is frequently more difficult than it would appear for the following reasons.

The departments are often reluctant to expose certain issues to Presidential scrutiny. Decisions on major weapons systems are a good example. DOD is seldom anxious to have "help" from the NSC, let alone State or ACDA in deciding whether or not to produce a particular missile or aircraft.

Significant political costs may well be involved in addressing tough issues. Sensible management considerations may suggest that a problem be raised and decided. But the politicians often feel otherwise. Base closures and the military retirement system are good examples of such issues.

The demanding pace of routine business is also a factor and it frequently proves to be the most significant. Fundamentally important questions are often not immediate or pressing and, therefore, are not seen as critical. The opposite is often true—that the seemingly critical issues are frequently not really important to the security interests of the country although they may seem so at the time. Thus, the challenge is to focus attention on these truly important questions and not get bogged down with routine ones.

3. *Managing the Decision Process.*—In defining policies or addressing specific issues, the NSC staff must manage the interagency process. The staff can't guarantee that sound decisions, in fact, will be made, but they can make the decision process more orderly and increase the flow of useful information and thereby increase the likelihood of sensible decisions. Managing the process requires determining the appropriate forum—interagency, bilateral (e.g., two departments), or a single department; ensuring that all realistic options are considered—not just those proposed by the bureaucracy; pressing for good analysis and exposing it to sharp criticism; and presenting the resulting options and analyses clearly and concisely to the decisionmakers.

4. *Ensuring That Decisions Are Implemented.*—The fourth institutional task of the NSC staff is to ensure that the President's policies and decisions are carried out. First, this involves clearly communicating the decisions (and why they were made) to the rest of the government. This may seem obvious, but it is a common fault. Fear of leaks is a factor in some cases, but in most cases it is neglect or the failure to recognize that implementation is at least as important as making policy and program decisions. Once the decision is communicated, oversight and followup to ensure the decision is executed are necessary.

In the business world, it is generally recognized that good execution is more critical than brilliant decisions. Any reasonable choice well executed is a real plus for a company, but if poorly carried out, the best choice is of marginal value. As a result, eighty percent of the attention of top management goes to operations and twenty percent to making decisions on plans and policy. In government the percentages are usually reversed.

5. *Planning for Crises.*—A final area where the NSC staff has an important role to play is crisis planning. Inevitably every President is faced with a major crisis, which usually involves the use of military force. Almost as inevitably, we find we are not adequately prepared. Later analyses indicate that the crisis was either not anticipated or had not been planned for adequately. The result

was hasty, ad hoc reactions that were later seen as ill-advised. The departments must do the detailed preparatory work for crisis, but the NSC staff also has a role. It should ensure that the planning is undertaken, provide guidance on the types of crisis to be anticipated, outline the critical assumptions, and review the results.

It should be recognized that crisis planning is a demanding and often unrewarding effort. It is difficult to anticipate the locations or the nature of specific crises, let alone the sequence of events. As a result, potential participants often underestimate the value of planning in the mistaken belief that forecasting is futile. The payoff in many cases is not in the plan itself but the process, which results in the questioning of assumptions, sharpened perception of U.S. interests and options, and better understanding of other agencies' personnel and resources.

6. *Meeting the Organizational Challenges.*—In carrying out these institutional responsibilities, it is sometimes necessary for the White House to be involved in the details of departmental responsibilities. You cannot make meaningful, effective decisions if you only deal at the broad policy level. At times, you must "get your hands dirty." But in-depth involvement by the President's staff in some areas at certain times need not dictate such involvement across the board. The challenge in organizing a national security policy management system is to be selective in determining where centralization is essential and where decentralization makes sense. In making these choices, the President must deal with the inevitable tension between his departmental leadership and immediate staff. The departments will always plead for freedom of action and seek distance while the White House staff will press for tight control and frequent, detailed involvement. How these tensions are resolved determines to a great extent the character of an Administration's national security policy process.

THE NSC AND DEFENSE

The National Security Advisor and his staff have played a growing role in security affairs over the past 20 years. Yet the role of the NSC advisor has been focused principally on foreign affairs rather than defense issues. State's role has been diminished with the rise of the NSC, but not Defense's (however, the Congress is far more heavily involved in the details of DOD's activities, sharply diminishing the Secretary of Defense and Service's freedom of action).

There is little precedent and often little incentive for the NSC to be involved in "nitty gritty" military issues. Indeed, the NSC is seldom even involved in broader defense questions. To a degree this is proper. The NSC's defense role should be far more modest than its role in foreign affairs. DOD issues are usually far more technical, are often more programmatic than policy oriented, and the number of issues and their scope far broader. Thus, the NSC cannot be involved except in a very selective way. Nonetheless in my view, present practices need to be strengthened. I have two reasons for this judgment.

First, DOD needs a well formulated policy framework. A coherent Administration strategy and policy is essential if the defense program is to be focused, reasonably efficient, or in absence of very generous funding, adequate to handle our most vital security needs. As the Reagan administration discovered to its dismay, the range of potential needs, is so great that without some reasonable policy focus and a set of priorities, even a string of large, real increases in resources, seem inadequate to improve significantly our security posture.

Second, the government's fiscal crisis and evermounting deficits, will be with us for years, if not decades. The long term Defense program must be undertaken with careful thought and analysis of its long term affordability. The pace of budget growth and the start-up of new, costly programs must be carefully planned in light of realistic economic forecasts, the government's revenue outlook and the resulting fiscal policy impact. This is clearly the kind of issue that the NSC can and should be deeply involved in. Indeed, it should probably take the lead to ensure that the affordability of the Defense program is addressed by the President and his senior advisors. All too often this question is ignored. As a result, expansions may be beyond the ability of the government to support long term. And when the "crunch" comes, security needs are ignored and little thought is given to the areas where the cuts are made—at least with the perspective of the President's security policy objectives. Over the long term our security benefits little from a rollercoaster series of budget increases and cuts. A sustained level, even if the growth is slow, may generate more capability over a period of years than larger sums spent erratically.

A. Issues To Be Addressed.—Given the need for an NSC staff that gives greater attention to Defense, what type issues should it address? In simple terms, the NSC should focus on those issues on which the President and his immediate advisors can play an effective role and where their involvement will improve defense management and policymaking. An active, aggressive role for the NSC staff need not be intrusive to the degree that they become involved broadly in "micro-management." The NSC should restrict its involvement to selected issues deserving of Presidential attention. This is easy to say, but hard to spell out with precision, let alone put into practice. Nonetheless, let me attempt to be more precise regarding an appropriate NSC role in defense management.

The goal of the NSC staff should be to help the President identify those defense issues that are of major importance to the nation and address them systematically. It would be well to recall President Eisenhower's dictum "What is important is seldom critical and what is critical is seldom important." It is easy for the NSC staff to be swept along with the flood of urgent policy papers, cables, and memos. They have seemingly tight deadlines, and interested parties from the agencies clamoring for the NSC staff's attention and support. But while they can't ignore this paper flow, they must rise above it, and help the President identify those issues that are truly important to our national security and deserving of his management attention. Lists of such crucial issues were developed by President Nixon's staff during the transition period and a similar agenda was developed by President Carter's staff. Once the issues are identified, the staff must focus on the decision process, bringing to bear the knowledge and talents of the interested agencies. This is the most important role for the NSC assistant and his staff to play, helping the President address those issues that are truly Presidential, rather than dissipating its energies, editing the flood of State Department cables sent to the White House for clearance.

Within this broad framework let me be more specific. To define the proper role for the NSC on Defense matters, I suggest using these five considerations:

1. The NSC should be involved in issues so important that the President must make a decision or risk major public/congressional criticism (e.g., the B-1 bomber decision and selective service registration during the Carter administration and the MX basing issue during Reagan's first term).

2. The NSC (together with OMB) should be involved in setting overall resource levels for Defense for the upcoming budget year plus the 5-year programming period. In addition, they should review the broad allocation of the funds by mission and purpose (modernization, readiness, etc.) in light of the strategy and priorities. This was not done systematically by the Reagan administration; in my view a serious error on the part of the NSC (and OMB).

3. NSC involvement is needed on issues such as arms control and overseas troop deployments that impact other agencies significantly and where other agency views should be given appropriate consideration. This interagency coordination is unlikely to happen without White House urging.

4. The NSC must follow-up on major program and policy decisions to ensure the President's choices are carried out. This frequently fails to happen without careful follow-up. In some cases this is due to active efforts to sabotage Presidential policies. But, in most instances, it is merely due to inertia and the failure of the Departmental leaders to ensure that the appropriate implementation occurs.

5. The President has a central role to lay in crises and actual conflicts and the NSC must support him. This includes ensuring that sound military, diplomatic, and economic planning is done beforehand as well as advising him during a crisis.

B. Planning for Crises and Conflicts.—This final area, planning for crises may, in fact, be the most important. For this reason, I would like to explore it in more detail.

In Defense, top civilians have little involvement in planning for the actual use of military force, especially when compared to their extensive involvement in policies, programs, and budgets. Military contingency planning is largely restricted to a limited group of military officers and civilians have little or no role. Outside of DOD (the NSC staff, State Department and other nondefense agencies), planning for potential crises gets little attention, and planning is rarely done on an interagency basis. The ensuing lack of complementary policy options (political, economic, as well as military), or even sound military options has at times slowed our response to a crisis or led to actions that, in retrospect, were seriously flawed.

The reasons for insufficient high-level attention to crisis planning go beyond the difficulty of the process and the normal preoccupation of the leadership with day to day business. Crisis planning is a sensitive process; leaks can cause serious political problems or even trigger a crisis that the planning was intended to avoid or contain in the first place. The challenge is to improve and broaden planning by providing a greater and sustained leavening of political/economic/foreign policy considerations and options, without compromising the security of the plans or unduly complicating the problems of the military planners.

There are two separate but closely related aspects of crisis planning: providing political and foreign policy guidance for the military's planning effort and adding political and economic options to military ones, through interagency planning.

Planning for the use of military force is the province of the Joint Chiefs of Staff (JCS) and the Unified and Specified Commands (CINCS). Given the long tradition of military responsibility for this activity, plus the sensitivity of the plans, the JCS/CINCS vigorously defend their exclusive role. Though understandable, this exclusively has serious drawbacks, a subject beyond the scope of this testimony.

Interagency planning is the second aspect of crisis planning that requires greater attention. Little crisis planning is done other than the Defense Department's military planning. Efforts are seldom made to develop non-military options or force the White House, State, Treasury, and other agencies to engage in systematic contingency planning. In many areas of the world, such as in the less developed countries, political and economic rather than military actions could well prove to be more effective. Despite the fact that such actions call for a lesser U.S. commitment and imply less risk, we only give them limited attention.

There have been times when interagency planning was undertaken, usually in the aftermath of a crisis for which we were ill-prepared. All such efforts were short-lived, in most cases waning for lack of continuing high-level support. Sustaining quality and sound interagency planning for political crises is difficult. The pattern seen in the past seems inevitable: the problem is identified, it receives a brief period of high level attention, then there is loss of interest, and finally loss of momentum. To break this cycle, a new, more structured approach is needed.

A most difficult challenge for the planning of future crises is to involve the domestic agencies, where appropriate. Treasury should often be involved given the importance of economic measures, but it is usually reluctant. Its hesitancy is due in part to doubts that the government should even consider economic actions (e.g., freezing of assets, trade cutoffs, or embargoes). Such steps are often seen by internationally-oriented financial officials as unthinkable. Yet, as the Iranian experience has shown, we may be forced to consider them.

Over the long term, an intragency planning effort would be more likely to be sustained if primary responsibility were given to the State Department and if the process were managed by a State-chaired senior interagency committee. The actual planning would be done by regional Interdepartmental Groups led by the appropriate Assistant Secretary of State. Their charter should include sufficient authority to consider the full range of governmental responsibility and activity as well as to develop a variety of potential courses of action. Membership would include NSC, Defense, JCS, CIA, Treasury, and other agencies (e.g., the Department of Commerce and Energy), as appropriate. The senior committee would provide these groups with a limited number of critical situations to consider. It would also periodically (at least annually) review the planning of each group, to ensure its consistency with the views and policies of the principals and to make certain that the regional interdepartmental groups give this planning process the high priority it deserves. Such a process would be highly sensitive and would have to be conducted with discretion; but it could and should be undertaken.

CONCLUSION

The NSC advisor and his staff have an important role to play in Defense management—in the areas outlined above. In some cases as the process can be bilateral—between the White House and the Pentagon. In others, a broader, interagency process is needed. Regardless, I believe this responsibility can be exercised effectively without being unduly intrusive or greatly complicating the Secretary of Defense's already formidable management task. There are four keys to an effective interagency role in Defense management.

Address the issues early before Defense positions are hardened and it is necessary to override a Secretary of Defense decision or reverse as well entrenched Service position.

Keep the analyses at a level appropriate to a senior, interagency group—e.g., address the broad allocation of resources by program, not the funding for a particular weapon.

Define the NSC committees role as advisory to the Secretary of Defense—not a decision role which challenges his authority and forces DOD to be defensive. If a serious difference with Defense arises, the appropriate Agency head can ask the President to intervene. But this should be done only in exceptional circumstances. In most cases, the Secretary's decision should be final assuming he gives reasonable consideration to the input of the other agencies.

Keep the process at a senior level (at least Assistant and preferably Under Secretary level participants). If it slips to a lower level, it may degenerate into "micro-management" or the type of intrusive involvement that will result in DOD shifting the focus to bureaucratic gamesmanship rather than a serious addressal of the issue.

There is no single "right" way to organize the NSC system or for the NSC staff to carry out its responsibilities for defense and other security matters. Yet when a President chooses his security assistant and lays out his system for managing defense (as well as intelligence and foreign affairs), he should recall a few simple rules.

The system must be flexible, responsive and innovative but not too ad hoc. It needs sufficient structure to ensure that the NSC staff can effectively exercise its institutional responsibilities.

His key staff capabilities lie in OMB and the NSC. They should work cooperatively to ensure that his resource decisions match his policy goals.

He must resist the tendency to get swept up with the rush of routine foreign policy matters, state visits, overseas trips, and involvement in the day-to-day management of foreign affairs. Some time must be allocated to insuring that Defense resource levels are adequate and that the resources are allocated properly.

Finally, adequate contingency planning and preparations must be made for the crises that seem inevitable in every administration. Such contingency planning must encompass economic and diplomatic responses as well as military actions. Poor prior preparation usually results in poor execution when the crisis occurs.

Mr. Chairman and members of the committee, that completes my prepared remarks. I would be pleased to respond to your questions.

Chairman Tower. Thank you, Mr. Odeen.

We will now hear from Mr. Steadman.

STATEMENT OF RICHARD C. STEADMAN

Mr. STEADMAN. Mr. Chairman, with your permission, I am going to submit for the record a statement and various attachments thereto and take my few minutes this morning to discuss extemporaneously what I consider to be one of the central issues in the Department of Defense organization.

There have been over the years many complaints, including some from members of this committee, over the growing importance in the decisionmaking process of the Office of the Secretary of Defense.

It is my contention that while there are many reasons the evolution of the Department has gone in this way with various ups and downs in the interim, an important reason, an organizational reason, and one which is based in legislation, is the lack of a military counterweight to the Office of the Secretary of Defense.

When the Joint Chiefs of Staff was organized by the National Security Act and subsequent amendments they were structured in such

a way that there was a chairman with no command authority except over his immediate staff, three or four people, having no right to speak in his own behalf or with an independent voice, a Joint Staff that was responsible to a committee, and with service chiefs who have the role and responsibility of managing their individual services as well as in performing their role as Joint Chiefs.

The result of this is an organization which is incapable of institutionally addressing the most difficult military decisions that are made in the Department of Defense. They are the structuring of the forces, the roles and missions of the forces, and the budget to support them. Finally, the command structure is done essentially by committee rather than by individuals, which means the field commanders have no single military boss in Washington.

I suggest the solution to this situation is an evolutionary solution and not one that would be a startling change from the flow of events as they have occurred up to now.

My recommendation for congressional action would be to take actions which would strengthen the central staff and make it far more independent from the individual services and the individual service chiefs.

To do this I would place the Joint Staff under the command and direction of the chairman. I would make the Chairman involved in the personnel selection for this staff. I would charge the Chairman with providing independent military advice to his civilian superiors as appropriate.

That would not take the Joint Chiefs as a corporate body out of the act of providing general military advice. They would continue to do so, but it would provide the Chairman with the opportunity to have a significant input into the kinds of issues which the Joint Chiefs as a corporate body are unable to address.

Finally, I would put the Chairman in the chain of command and eliminate the Joint Chiefs from that role. To do that he needs a staff to support him, and that is in part why it is important that the Joint Staff be under the command of the Chairman.

I would also give the Chairman the role as being the military supervisor for the field commands.

Now, that is a very summary statement and judgment on some very large and complex matters, but I think it falls within my allotted 6 minutes.

[The prepared statement of Mr. Steadman follows:]

PREPARED STATEMENT OF RICHARD C. STEADMAN

Senator Tower and Members of the committee, in 1978 I spent the better part of 6 months studying the organization of the National Military Command Structure and wrote a report on my findings at the direction of President Carter and Secretary Brown. I still support the major analysis and findings of this report and with your permission ask that it be read into the record of these hearings as part of my testimony. In my brief statement today I rely on, but do not repeat, the analysis contained in the 1978 study.

The management of the Department of Defense can be divided into three rough and overlapping categories: Determining the size and structure of our forces; acquiring, training and maintaining the manpower for these forces and their weapon systems and supporting equipment; and operating these forces in the field. The second of these categories is of vital importance, involving as it does

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the lives and well-being of millions of Americans serving their country and billions of dollars of outlays for them and their equipment. But there are many more expert in these areas than I am, so in these brief remarks I will address only the structuring of the forces and their command and control.

In my 1978 report I concentrated on actions which could then and now be taken by elements of the Department of Defense without requiring congressional action. While I still believe that these recommendations, if followed, would have resulted in important improvements in the system, this morning I will go beyond them to include actions which I suggest be taken by the Congress.

In both the area of structuring the forces and in their command and control I find the present organization of the Joint Chiefs of Staff (JCS) to be a major detriment to effective support of the Secretary and the President. The combination of the "dual hatted" responsibilities of the Service Chiefs and the lack of a staff and command authority of the Chairman are a prescription for diluted military advice and lack of central command.

The remedy is clear and it is simply accomplished. The Joint Staff should be under the direct command of the Chairman and the limits to its size, and the duration and frequency of service on it should be loosened along the lines of the proposals in last year's HR 6954. Further, the Chairman should by law be placed in the chain of command.

With these changes an organization would be in place which would enable the JCS to continue its historic role of providing general advice to the President, the Secretary and the Congress, but with an independent Joint Staff to prepare more timely and cogent papers for JCS consideration. Further, the Chairman would assume the added roles of providing the Secretary with counsel on the structuring of the forces and division of budgets to support them and of effective management of the field forces.

Let me deal in more detail with the need for these "added" roles for the uniformed military, through the person of the Chairman:

STRUCTURING THE FORCES

The Secretary of Defense and the Congress face no more important military decisions than determining the structure of our forces, their weapon systems, and the budgets to support them. Yet under the present organization of DOD there is no organized way in which a joint or national military view is brought to bear on these decisions other than by the informal opinion of a Chairman operating without staff, as solicited by the Secretary, or by the highly generalized and not practically useful formal opinions and judgments of the Joint Chiefs. I do not believe you will find a former Secretary or Deputy Secretary of Defense who would opine that the present JCS structure provided him with useful counsel in determining annual budgetary decisions. This is a clear failing of the present system and leaves the individual Services to do battle with OSD without regard to any national military view. We deserve better than that.

COMMAND AND CONTROL

Legislation makes explicit that the Chairman (and by implication the JCS) is not to have command authority over any of the armed forces. By DOD directive the JCS is associated with, but not part of, the chain of command: orders to the field pass through them, not to them. This leaves the field commanders with no military boss in Washington, thus depriving them of a formal source of assistance in their dealings with the Services on whom they rely for man and material. It also means there is in the Pentagon no adequate formal review of the status and performance of the field commands. And most importantly, it means that commands to the field are generally subject to the cumbersome JCS process of coordination and compromise. This becomes particularly important in complex multi-service operations, such as the rescue attempt in Iran, where the lack of a central planning and mission control staff under a single commander seems to have been a key element in its failure. To correct this situation, the Congress should formally place the Chairman in the chain of command.

ROLES AND MISSIONS

There is no subject in the military more charged than that of roles and missions, because decisions in this area mean budgets, equipment, manpower and power.

There is also no area more important when considering future armed conflicts, because the pace of technological change means that warfare as it was known as late as the Vietnam war will certainly not be applicable in years to come.

In considering the effectiveness of the present joint military organization it is useful to consider the kinds of studies which are now not undertaken by the military on a multi-service basis. Are aircraft carriers and their support forces an effective and cost efficient means of attack against the Soviet mainland? Should we have a long range aviation force—controlled by the Navy or otherwise—equipped and designated for a control of the seas mission? Does American tactical aviation as now organized under four separate air forces provide us the most operationally and cost effective solution to the challenge of control of the air over a battlefield and close support of our forces?

These questions are illustrative only, but the fact is that questions of this kind are addressed by the military on a multiservice basis only at the service war colleges, and there only on a purely academic basis. This is wholly inadequate. We need a Joint Staff of experienced officers drawn from the top quality ranks of their services working on such questions of national importance, free of the present constraints of detailed coordination at multiple levels with each individual service. We will never get it with the present organization. We would go a long way toward making it possible with a Joint Staff reporting to the Chairman, charged with providing independent advice to his civilian superiors.

DOD CIVILIAN STAFFING

There are more Presidential appointees in DOD than in any two departments of the Government. Collectively, they run by far the most complex organization. Under present conditions they must conform both to government-wide "conflict of interest" regulations and to special provisions mandated by the Senate Armed Services Committee. As a result, many prospective appointees are faced with the prospect of forced sale of their major assets as a requirement to accepting a DOD appointment. Even with reduced Federal gains taxes such sales result, in the case of a New Yorker for example, in an immediate one-third decrease in the value of an individual's assets.

This is a real deterrent to the recruiting of qualified individuals for Presidential appointments in DOD. The remedy could be easily and equitably accomplished by an amendment to the tax code which would provide that an individual required to dispose of assets as a condition to taking a Presidential appointment in any branch of the Government could "roll forward" his cost basis in such assets to the replacement assets acquired, thus deferring his tax until the new assets were sold. Comparable examples would be the treatment afforded homeowners on the sale of a principal residence or radio and TV station owners required by the FCC to dispose of an asset as a condition to approval of a station transfer. I can think of no single action by the Congress which would go further to improve the management of DOD, because it would so greatly improve the environment for recruiting qualified managers.

Several years ago two past chairmen of the New York State Bar Association Committee on Taxation drafted such a proposed amendment to the tax code, and with your permission I would ask to include that proposal and an explanatory note as part of this testimony.

Thank you for your time and your kind attention. I compliment you for undertaking this difficult study.

[Attachments.]

[Attachment No. 1]

November 21, 1980.

PROPOSED NEW SECTION 1033(h)

SUMMARY OF PROVISION

Attached is a proposed amendment that would add a new subsection (h) to Section 1033. This would permit an individual who is appointed to certain Federal Government positions, and who is required as a condition of taking such employment to sell stock or securities in order to comply with rules designed to avoid potential conflicts of interest, to elect to treat the sale as an involuntary conversion. The result would be that the individual would not have to pay tax on the net gains realized from such sales, to the extent that the sales proceeds were reinvested in like-kind stock or securities.

The positions covered by the provision are those filled through appointment by the President with the approval of the Senate, and so-called "Schedule C" positions under the Civil Service regulations. The purpose of the provision is to help the Federal Government to attract high quality individuals to serve in such positions. Acceptance of such a position often results in a reduction in the individual's salary, and in some cases increases his expenses as a result of the need to move to Washington, D.C. to undertake his new employment. In addition, under current practice the individual may in some cases be required to sell securities to comply with conflict of interest standards. The resulting capital gains tax reduces the individual's net worth and investment income, and this has itself been an impediment to the recruitment of personnel. Since the sales are made to comply with government requirements, it seems appropriate to permit the individual to treat them as involuntary conversions, permitting him, by reinvesting the proceeds in similar securities not involving such conflict problems, to postpone the recognition of the gain for tax purposes until the replacement securities are sold.

The provision will apply only if the individual is actually employed in the position. Thus, if an individual is nominated for a position but is not ultimately confirmed or for some other reason does not undertake the employment, any sales made in anticipation of accepting the employment would not be covered. However, if the individual does become so employed, the provision would apply to sales made before becoming employed (and in anticipation thereof) as well as to sales made within 12 months following employment. In either event, the provision applies only if the head of the Federal department or agency employing the taxpayer certifies that the sales were made as a condition of accepting employment, in order to implement standards designed to avoid conflicts of interest.

The provision applies only if the employee elects to have it apply to all sales or exchanges so required. In addition, the provision applies only to those reinvestments that are made on or after the date of the first sale or exchange of stock or securities so required and within the 12 month period after the individual becomes employed in such position.

The election can be made by the taxpayer in his return for the first taxable year in which a sale or exchange covered by the certification takes place, and cannot be revoked thereafter.

The proposed new subsection provides that "property of like kind" shall mean stock or securities. Where some of the sales of stock or securities covered by the election produce a loss and some produce a gain, the losses will be recognized, since Section 1033 does not affect the recognition of loss. To the extent the gains do not exceed such losses, the provision requires that the gains also be recognized even if the election is made. Thus, only the net of gains in excess of losses would go unrecognized as a result of making the election.

For example, assume an individual making the election is required to sell a security with a basis of \$1,000 and a value of \$800 and stock with a basis of \$1,000 and a value of \$1,500. If he reinvests his proceeds of \$2,300 in stock (or securities) costing \$2,300, he will recognize his \$200 loss on the security and \$200 of his \$500 gain on the stock. The remaining \$300 gain on the stock will not be recognized. Pursuant to Section 1033(b), the basis of the new stock (or securities) would be its \$2,300 cost, reduced by the \$300 gain that was not recognized, or \$2,000. If the replacement property consists of more than one investment, then, as is also provided in Section 1033(b), the basis so determined shall be allocated to the purchased properties in proportion to their respective costs. Thus, if the \$2,300 of replacement property consisted of a block of stock costing \$920 (40 percent of the aggregate) and a security costing \$1,380 (60 percent of the aggregate), the basis of the stock would be \$800 and the basis of the security would be \$1,200. Had the taxpayer reinvested only \$2,100 in stock or securities during the time required by the new provision, then only \$100 of his \$500 gain on the stock would qualify for nonrecognition. The basis of the replacement property would be \$2,000.

DRAFTING INFORMATION

The provision is modeled in part on existing subsection 1033(g) and Section 1071.

[Drafted by Gordon Henderson; Weil, Gotshal & Manges (212 310 8446) and Adrian De Wind of Paul, Weiss, Rifkind, Wharton & Garrison (212 644 8000).]

November 21, 1980.

PROPOSED AMENDMENT TO SECTION 1033

Section 1033 is amended, effective for sales or exchanges occurring after the date of enactment, by adding a new subsection (h) reading as follows:

"(h) SALE OF INVESTMENTS REQUIRED AS CONDITION OF FEDERAL EMPLOYMENT.—

(1) SPECIAL RULE.—An individual who becomes employed by a Federal department or agency in a position covered by this subsection, and who is required, in order to implement standards designed to avoid conflicts of interest, to sell or exchange stock or securities which are capital assets in the hands of the taxpayer as a condition of accepting such employment, may elect to treat such sales or exchanges as an involuntary conversion of property within the meaning of this section. The election shall apply only to those sales or exchanges which the head of the department or agency employing the taxpayer certifies as being necessary for the foregoing purpose, and shall be effective only if made with respect to all sales or exchanges covered by such certification. In such event, property of a like kind shall be treated as property similar or related in service or use to the property so converted. Any election made by the taxpayer under this subsection shall be made by a statement to that effect in his return for the taxable year in which the first sale or exchange covered by such certification takes place and such election shall be binding for the taxable year and all subsequent taxable years with respect to all sales or exchanges covered by such certification.

(2) LIMITATION.—Paragraph (1) shall not apply to the purchase of stock in the acquisition of control of a corporation described in subsection (a) (2) (A), or to the purchase of property before the first sale or exchange of the property so converted.

(3) SPECIAL RULE.—In the case of an involuntary conversion described in paragraph (1), subsection (a) (2) (B) (i) shall be applied by substituting "12 months after commencement of the Federal employment referred to in subsection (h)" for "2 years after the close of the first taxable year in which any part of the gain upon the conversion is realized".

(4) COVERED EMPLOYMENT.—The positions covered by this subsection are all positions filled through appointment by the President with the approval of the Senate, and all positions enumerated in Schedule C of Subpart C of Part 213 of Chapter 1 of Title five of the Code of Federal Regulations, as the same may be in effect from time to time.

(5) PROPERTY OF LIKE KIND.—For purposes of paragraph (1), the term "property of like kind" shall mean stock or securities.

(6) GAINS MATCHED BY LOSSES.—In the event loss is realized on some of the property so converted and gain is realized on other property so converted, the losses shall be recognized, and the gains, to the extent not in excess of such losses, shall also be recognized.

Existing subsection (h) shall be redesignated as subsection (i).

[Drafted by Gordon Henderson; Weil, Gotshal & Manges (212 310 8446) and Adrian De Wind of Paul, Weiss, Rifkind, Wharton & Garrison (212 644 8000).]

Chairman TOWER. Thank you very much.

I would like to ask all three witnesses to comment on the following question in turn. You have touched on it; however, I would like some illumination.

In your view, what are the most serious shortcomings in the current organization decisionmaking process in the Department of Defense?

General KRULAK?

General KRULAK. The most serious by far is the bureaucratic stultification within the Office of the Secretary of Defense, taking it in its broadest sense. The Office of the Secretary of Defense now has become so extensive in its personnel and in its invasion of the day-to-day activities as to make effective decisionmaking almost impossible.

We have a multitude of soldierly examples of this which we may draw from the war in Vietnam where, as you know, the Secretary of Defense, himself, or one of his designated subordinates, Assistant or Deputy Assistant Secretary, made decisions with respect to the selection of bombing targets, a wholly military affair.

Now, if I might note, this committee, back in 1958, recognized this development and made this comment in discussion of Reorganization Plan No. 6:

It was never intended, and it is not now intended, that the Office of the Secretary of Defense would become a fourth department within the Department of Defense, delving into operational details on a daily basis.

I would submit to you that while you were very prescient in 1958, it happened anyhow and that is our principal problem.

Chairman TOWER. Mr. Odeen?

Mr. ODEEN. Let me suggest four things.

First of all, let me echo the point that Mr. Steadman made, the lack of clear and carefully thought through military advice from the Joint Staff. This is an important problem in a variety of areas from resource allocation to planning for a crisis. Action to strengthen the JCS and provide more independent and more coherent military advice is very important.

Second, I believe that, over time, the organization of the Office of the Secretary of Defense has grown far too complex; 20 years ago there were four major components in OSD, four Assistant Secretaries. Now you have two Under Secretaries, a large number of Assistant Secretaries, and several Deputy Under Secretaries.

As a result of this fragmentation, you have a lot of people who are advocates for particular interests or programs rather than to people helping the Secretary make decisions. This is a real problem and one the Congress has contributed to by requiring the creation of an Assistant Secretary, Health and Medical Affairs, and an Assistant Secretary for Reserve Affairs. Added to all the other Assistant Secretaries and Deputy Under Secretaries added in the last few years, it is difficult to bring things together to make a coherent decision.

Chairman TOWER. Let me comment at this point.

We fully expect you, and I appreciate the fact you have done so, to criticize anything we have mandated which has tended to exacerbate the problem.

Although we rarely make mistakes on this committee, we may from time to time do so here and also on the floor of the Senate. We would like to know what part we have had in this, and what actions we have taken which may have helped create the problems we are identifying.

Mr. ODEEN. I don't mean to say the Congress is fully to blame because they have fragmented the Office of the Secretary of Defense way beyond these two Assistant Secretaries.

Third, there are too many layers in the organization, creating a series of obstacles to overcome. The book, "Augustine's Laws," has a marvelous section on how many hurdles a weapon system has to go through in the DSARC process. Steps need to be taken to cut out layers and make the decision process faster and more efficient.

Finally, you should consider the much more active role the Congress has taken, for good and sufficient reasons, in Defense decisions. But we may be at a point now where the Congress has to think carefully about its role. The time required to respond to congressional requests, testimony on a wide range of issues, and so on, has become a major time demand on senior Defense management.

Those are areas I suggest are most important.

Chairman TOWER. Mr. Steadman?

Mr. STEADMAN. I would agree with General Krulak. The Office of the Secretary of Defense has gotten far too large and complex and in a broad sense too powerful at lower levels.

I come back to my contention that an important reason for that having happened is the lack of an area from which the Secretary can get what I will call national military advice as opposed to views from a single service in the interplay between the Secretary and a single service on its weapon systems, its budget, its personnel management, et cetera.

By national military advice, I mean advise on questions that relate to tradeoffs in allocation of resources, that relate to possible changes in the roles and missions of individual services, that relate to positive ways of organizing to fight or organizing to support. The issues that are the most difficult for the Secretary to decide are also the issues on which national military advice is not given because the organizational structure, as mandated by law, of the Joint Chiefs of Staff inhibit it from occurring.

If I were going to make a single change in the Department of Defense, it would be along the lines of my summary proposal. I think from that a lot of other things would evolve and follow, including a decrease in the size and individual authority in the Office of the Secretary of Defense.

Chairman TOWER. Rooted in our system is the belief that the military should always be controlled by civilian authority, and should not play a dominant role in the formulation of public policy. That is to say, the military should not make a determination when policy will be implemented by military means.

Consistent with that, will all three of you comment on how you would define the areas in which Defense decisionmaking should devolve primarily on the military and in which instances it should devolve primarily on civilian responsibility?

General KRULAK?

General KRULAK. It is an odd thing that the Constitution says nothing about civilian control of the military. It was a grave oversight, but that instinct has been ingrained in our leadership from the very beginning of our country.

The answer to your question to me seems to be a very straightforward one, Mr. Chairman. The basic policy with respect to the security of the United States is a civilian matter, wholly a civilian matter.

A decision as to what in general shall be done is a civilian matter. That decision, once having been taken, the Commander in Chief has the responsibility for implementing it and he should have a direct and

unfiltered channel between him and the military who execute those decisions.

Likewise the pure military advice, required by the Commander in Chief prior to his initiation of the decisions which set military action in motion must likewise be direct and unfiltered.

Chairman TOWER. Mr. Odeen?

Mr. ODEEN. I would suggest there were two areas where the military clearly should have a predominant voice. That is in planning for conflicts and crises, and conducting military operations.

The areas General Krulak suggested, setting security policy and priorities are primarily civilian tasks. In addition, I believe determining the resource levels to be allocated to defense is primarily a civilian task. Obviously you want military advice. I suspect, that on balance making the broad allocations of the funds is also primarily a civilian decision. Once the resources are allocated, you must structure the forces, select the weapon systems and determine the numbers to buy. These sorts of issues, I think are shared; you cannot make a clear choice on responsibilities.

Chairman TOWER. Mr. Steadman?

Mr. STEADMAN. Let me concentrate on the operational aspects and General Krulak having raised it, I use the Vietnam war as an example.

A decision as to whether to undertake incursions into Cambodia or into Laos should be a decision controlled by civilians.

A decision as to how to conduct an operation within South Vietnam should be a decision that is purely a military decision.

A decision on what to attack in the north within what was then called an agreed upon route package is a purely military decision.

A decision relating to the acquisition, attacking, of a new target which may have political implications to it, is a decision in which the civilian should be involved.

General Krulak alluded to a direct and unfiltered chain from the Commander in Chief, the President, to the military. I strenuously disagree this is the way the chain of command should run.

I believe it should run as it does now, from the President to the Secretary. My suggestion would be to the chairman rather than through the JCS, and to the field commands.

The operational direction of the field from the Commander in Chief should run through the Secretary because it should run through a civilian with a supporting organization, a large portion of which is military by the way, who has direct and constant interaction with the military on a day-to-day, week-to-week basis.

The President cannot exercise that kind of supervision and should rely on the Secretary to do that.

Chairman TOWER. Thank you, gentlemen.

Senator Kennedy, would you mind deferring to Senator Thurmond? As President pro tempore, he is due to open the Senate in 12 minutes. So, we will let him start out of order.

Senator KENNEDY. That is all right.

Senator THURMOND. Thank you, Mr. Chairman.

Thank you, Senator Kennedy.

General Krulak, how would you compare the present evolution of our national defense structure with the evolution of the threat we face?

General KRULAK. With the evolution of the threat which we face?
 Senator THURMOND. Yes.

General KRULAK. They have evolved independently, Senator.

When we finished World War II, the biggest war we have fought so far, we had a military command structure beginning at the very top which was compatible with the task we had just completed and probably compatible with the task which we were about to face had we not aggressively demobilized.

The emergence of the Soviet Union and the threat which it embodied were wholly independent of the changes in our military command structure. They were a result of a conviction on the part of some, both civilian and military, that the organization with which we had won World War II was somehow no longer valid without respect to any threat from the Soviet Union.

So, I should say that they have not grown hand in hand. They have grown quite separately and for entirely different reasons.

It would seem to me that the compatibility of our military structure today with the nature of the threat is happenstance only.

Senator THURMOND. Mr. Odeen, would you express yourself, and Mr. Steadman following up.

Mr. ODEEN. I would agree with General Krulak's comments. I think they are independent matters; they did develop independently.

To some degree the development of the threat, however, has had influence on our structure. Obviously the risks are much greater today because of the availability of nuclear weapons. Therefore, there is a need for tighter military control and tighter civilian control of the military when nuclear weapons could be involved. This dictates a somewhat more centralized and tighter command structure than we had in World War II when these risks did not exist.

Mr. STEADMAN. I agree with both of these gentlemen that they have developed on an independent course, and I agree very strongly with Mr. Odeen that the evolution of weapon systems and the evolution of technology supporting weapon systems means General Eisenhower's dictate that future wars would have to be fought with a unified command system is even greater as we look toward the future and as we look toward the increasing overlapping of the roles and capabilities of what we have come to regard as our traditional forces.

Senator THURMOND. Thank you very much.

I have to leave to open the Senate. I have two more questions. If the chairman will be kind enough to propound those, I will appreciate it.

Thank you, Mr. Chairman.

Chairman TOWER. Thank you, Senator.

Senator Kennedy?

Senator KENNEDY. Thank you very much, Mr. Chairman.

Most of the suggestions that have been made this morning, aside from the reorganization of the JSC, would be carried out by personnel currently having operative responsibility.

How much of that can be done through current channels of legislative authority and power that exist in the various departments?

The Department of Defense has grown in the number of Assistant Secretaries and others you have outlined here through administrative fiat.

Why can't we change it today by administrative decision?

General KRULAK. Much of it is the result of legislation or the Reorganization Act. For instance, in 1958, the Secretary of Defense came to this committee and said he needed statutory authority to do two things:

To constitute the unified commands, and to issue them their orders.

Both this committee and the House Armed Service Committee were very querulous about this, but the plea that it was needed plus an attack along purely partisan lines and resulted in its being enacted and that still exists despite the facts that some Secretaries of Defense have chosen to utilize the Joint Chiefs of Staff as a conduit for their orders.

That is a statutory matter and one which, in my judgment, should be changed.

Others, certain of the Assistants to the Secretary of Defense have their job as a result of a statute or the Reorganization Act. That, likewise, is something which could not be handled internally.

On the matter of the position of the Chairman of the Joint Chiefs of Staff, Mr. Steadman has made some proposals for its alteration. It would have to be done by a change in the law. I am not associating myself with that. I don't agree with it, but it would have to come as a result of a change in the law.

So, to respond in general, Senator, we could nibble at the edge of a lot of stale concepts without coming to you. But to really get to the guts of it, you are going to have to do it.

Mr. ODEEN. Let me comment briefly.

There is a ceiling on the number of Assistant Secretaries set by the Congress. Since it is a ceiling, there could be fewer. Legislation does require there be Health and Medical Affairs and Reserve Affairs Assistant Secretaries and, I believe, the Comptroller's slot also. But for the most part, the Congress only sets a ceiling. So, the Secretary could, to a degree, makes changes in OSD himself.

The NSC changes are primarily within the province of the President. I think he could organize his NSC system any way he wants.

Mr. STEADMAN. Likewise, the Joint Chiefs of Staff could organize themselves differently. They could give the Joint Staff more independence from the service staff. They could conduct their business differently than they do now.

There is no incentive for them to do so. In fact, the institutional incentives are against it. They have not over the course of time and it is unlikely that they will. Therefore, in that particular area, the one I specifically addressed, evolutionary changes through legislation are going to be necessary to institute organizational changes.

As it relates to the Office of the Secretary of Defense, it is absolutely true that he could reduce the size if he chose to do so.

Senator KENNEDY. What do you think have been the principal areas in terms of national security policy and the dimension of structure and role of the budget, the communications to the field commanders?

As this problem has developed over the period of recent years, what have been the real opportunities that we have missed?

Has our national security been diminished by the kinds of problems you have outlined here this morning?

General KRULAK. I will give you two examples, Senator.

The first is Vietnam to which everyone adverts for his example. We fought a very awkward war in Vietnam and we have 58,000 dead in part as a result of the bureaucracy which I have described.

Going to the other end of the spectrum, I would remind everyone of Desert One. Desert One was not something we could refer to as an example of efficient behavior. I believe that was the U.S. military at full bore, and we didn't do very well.

Those two examples should raise apprehensions in your minds. They do in mine.

Mr. ODEEN. Let me suggest two areas and I think one of the last—

Senator KENNEDY. Before you proceed, in Desert One are you talking about lack of unified command?

From what you describe here today, what was the principal reason for failure?

General KRULAK. A diffusion of authority and a focusing of authority too far up the line to the extent that pure warlike actions were adversely affected.

Senator KENNEDY. Would you care to elaborate on this?

General KRULAK. Decisions involving Desert One went all the way to the White House. That is too far.

Senator KENNEDY. Are you talking about cutting out the military recommendations on that?

General KRULAK. Decisions in the planning phase. For example, at the NSC level an Air Force Lieutenant General is found speaking privately to an assistant of Mr. Brzezinski, pleading with him for an altered decision with respect to the number of helicopters to be involved, and the number of helicopters was increased by one, by a decision at the level of the NSC.

This suggests an excessive elevation of the decision process for something that is wholly soldierly.

Senator KENNEDY. I am sure we could spend most of the morning going through that process.

Mr. Odeen?

Mr. ODEEN. Let me mention two areas.

One, the area of crisis planning is an important one. If you look at the *Mayaguez*, EC-121 incident, or a whole series of other crises; if you analyze them in detail, you would find we were not properly prepared or the plans were not sound. We did a lot of flailing around that would not have been necessary had we been better prepared.

Senator KENNEDY. Could we have anticipated the *Mayaguez* incident?

Mr. ODEEN. You can't anticipate a specific crisis. In many cases you can anticipate the area in which the crisis is going to occur. And you have some feel for the range and kind of contingencies you ought to be prepared for.

But the planning process is valuable, even if the specific plans are not perfectly applicable to the situation. Having been through the process and thought through the issues, having worked with the participants that later on will be involved in making tough decisions, understanding the personalities, and so on, are all very useful. You can respond more rapidly and more effectively if you have been through the process even if you don't anticipate it perfectly.

Another area where over the long term a more careful process might pay a lot of dividends is in budgeting. If 3 or 4 years from now the rate of increase in defense spending slows down, we may be sorry we did not think through more carefully what was really affordable over a 5- to 7-year period. It may result in our having made some decisions that will prove to have been rather shortsighted and very costly. We will wish we had spent more time trying to sort out what was truly affordable over a span of time.

This can't be proven, but I suspect in retrospect 3 or 4 years from now we will wish we had thought through the affordability issue more carefully.

Mr. STEADMAN. Using Desert One as an example again. I think the central problem on Desert One was that there was no mission commander responsible for all the military elements involved in that action.

Beyond that on the question of what we have missed, it is true that "If it ain't broke, you don't fix it," but as part of the study that I did in 1978. I conducted discussions with almost all of the former Secretaries and Deputy Secretaries of Defense, many of the service Secretaries and many of the civilian Presidential appointees in the Department of Defense as well as many of the former senior military officers.

I would be very surprised if you could find a former Secretary or Deputy Secretary of Defense who felt the present Joint Chiefs of Staff system provided him with real institutional assistance in making the kind of decisions and most particularly budgetary decisions, allocations of scarce resources. They would just say that that was not a function that the Joint Chiefs of Staff as an institution was able to provide, that they had relied on the Chairman in an advisory capacity, operating without staff, to be helpful to them and he was helpful to them, but he did not get institutional support on a national military basis.

Senator KENNEDY. Thank you.

Chairman TOWER. Senator Warner?

Senator WARNER. Thank you, Mr. Chairman.

I want to join in expressing appreciation for your voluntary contribution here.

I have observed this issue from the Department of Defense as well as from the Congress, and I have a concern which I will express by first referring to Chairman Tower's statement of June 21, 1983, in which he outlined the charter for these hearings. Mr. Chairman, no reference to you, but as I look through this, my concern arises.

The committee will begin a comprehensive series of hearings on the structural and organizational decision-making procedures of the Department of Defense.

Further on the charter states:

The Senate will consider these issues and determine whether structural and organizational procedural changes in DOD, including the Military Service, are necessary.

My question is on the latter. Having observed the issue being studied many times, there is always the element that wishes to reexamine the pros and cons of consolidation and unification of the military services, much like Canada did. In my judgment it has not worked well in Canada.

Putting that to one side, I think we consider consolidation of the services or unification in the context of this examination in this hearing. In my judgment, the traditions of the services and the competitive spirit augur well for this Nation, and always will.

In your studies, do you think Congress has an obligation to examine that as a part of this series of hearings?

General Krulak, would you start off? Perhaps we can put the issue to rest.

General KRULAK. Of course, the Congress has an obligation to examine the organization of the military; it is a congressional matter as stated in the Constitution.

I believe there are two critical points which might be considered by you at this time.

First is the matter of advice. Today we have heard propositions that would focus the advice in the hands of a single military individual. From the Congress' and the President's point of view, this would certainly be a lot easier because there would be no conflicting views, but the advice might not be as good and it might very well be worse.

Implicit in this is the constant suggestion but never direct aversion that the armed services chiefs are prepared to put service above country, a point which I regard as unthinkable, apart from their oath.

Then, there is the question which you have confronting you throughout, the emergence of a new idea. After the Office of the Secretary of Defense was first suggested back in 1945, Mr. Forrestal was convinced that when he was ultimately appointed in 1947 he was really going to be a Presidential deputy with no obligation or capability for day-to-day department administration in the affairs of the military, but to be the hinge between the President and the uniformed military.

These are things which you have every reason to contemplate and to examine because they are brought before you from time to time and they must have some basic validity.

I believe the Joint Chiefs of Staff system is altogether sound. We won World War II with it, and without a chairman, I might add, and we did a pretty good job. We continued for a while without a chairman and did a fairly good job.

I would feel competitive advice on military matters is just as logical as competitive advice on economic matters or political matters. The Congress and the Chief Executive live with this and I believe they can live with competitive views on military matters as well.

Senator WARNER. To rephrase the question slightly before the other two witnesses address it, recently all three services initiated space commands. The Air Force has had a space command for some time and the Army and Navy are going to initiate their space commands in a matter of weeks.

This brings up the question of redundancy and efficiency among the three services, and whether or not there should be some thought of consolidation.

Mr. Steadman?

Mr. STEADMAN. I think individual services should be left as they are. The role of the services is to provide and train the men, support the men, and provide the equipment and materiel.

The operation of the forces by law is not under the purview of the individual services. It is under the unified and specified commands. I believe that is a sound system.

I believe it grew out of the felt needs of the second war and it grew out of the felt needs of President Eisenhower as reflected in two amendments to the National Security Act passed while he was President which consolidated the authority of the Secretary and clarified the chain of command as running from the President to the Secretary and to the unified commanders in the field.

I think that system is basically sound. I think it should undergo the kind of evolution I am suggesting, but I would also like to comment on several of General Krulak's assertions regarding my proposal which are not correct.

I am not suggesting in any way that the Chairman be the single adviser to anybody. The Joint Chiefs of Staff are the principal military adviser to the Secretary, the President and the Congress, and would continue in that role.

The Chairman would assume the role of being able to make known individual views at his option and at his choosing. That would specifically enable him to deal with the kinds of issues that the Joint Chiefs institutionally are essentially incapable of dealing with.

These relate to force structure, budget allocations that relate to various matters in which individual service interests are so high and on which the decisions are so important to the individual service that they cannot collectively deliberate and arrive at decisions in a timely way.

I think there is a very important difference between my proposal and General Krulak's interpretation of my proposal.

Mr. ODEEN. I don't think it would be worth your while to spend much time on the question of merging the services. I think this is an area of established tradition. It makes sense and it would be an extremely tough thing to tackle.

On the other hand, I think it might be worth your while to think about roles and missions.

Senator WARNER. That was my second question. We all agree to put to rest thoughts of consolidation and unification.

The second question I have is, Should we examine the roles and missions?

Mr. ODEEN. It would seem to me to be incredibly fortuitous if the roles and missions worked out at Key West 36 years ago were still right today. Some of the issues are so fundamental and so painful they are probably not worth addressing. An example may be the existence of four tactical Air Forces. There are, however, some issues that are worth looking at. Space is one. Responsibility for a ballistic missile defense is one. Air defense of air bases may be one.

These are situations where the current roles and missions do not optimize the defense effort and looking at them and perhaps making some changes is something you should look at.

Senator WARNER. My time has concluded, but perhaps the other witnesses for the record would like to state their position on the roles and missions. Maybe you would allow 1 minute for each to address that question.

Chairman TOWER. I think we can let them comment on that question.

General KRULAK. Roles and mission are a congressional matter. This has been completely laid out. There was a tremendous conflict on this subject during the post-National Security Act period, and the final conclusion was that it was a congressional matter.

It is not only your prerogative but your obligation to do it. I would agree with Mr. Odeen, it would be unusual if there were not a reason for you to examine it and to continually examine it.

Mr. STEADMAN. I agree with that.

Senator WARNER. For the record, I think if we attack the latter at this time, we should not look at this in the context of making a change, just keep the two issues separate.

Thank you, Mr. Chairman.

Chairman TOWER. Senator Wilson?

Senator WILSON. Thank you, Mr. Chairman.

General Krulak, in your opening statement which is a model of brevity, you have indicated very clearly the top-heavy bureaucratic structure which may need to meet a crisis in the event there is a crisis.

You have been very clear on every point you address, in particular on your concern about how a structure of this type and complexity has interfered with the conduct of military affairs, specifically in the micromanagement of both a crisis situation like Desert One and also a prolonged war situation in Vietnam.

Would you elaborate on the lack of unfiltered advice to military leaders through the Commander in Chief? I think this even more than the micromanagement is a concern that relates to your expressed fear.

General KRULAK. I am not sure, Senator, that my apprehensions regarding unfiltered advice and counsel bulk larger than my apprehensions about micromanagement.

I would only say that if you corrected one and not the other, you would not have done the job. Elaborating on the matter of advice, I commented earlier that the President and the Congress find no problems in coping with competitive advice. Indeed, the Government almost runs that way. This should apply to military matters as well.

I have always felt Secretary Forrestal's concept of the Secretary of Defense serving as a deputy and the Joint Chiefs of Staff providing the continuing advice and counsel is sound, and that is the way the law reads.

I believe it is honored more in the breach than in the observance now. I should like to see us return to the point where the Joint Chiefs of Staff as a corporate body are, in fact, the principal military advisers to the President.

I find nothing difficult in terms of the Joint Chiefs as a corporate body bringing together the finest knowledge of warfare in the air, on the land, and on the sea to give the Chief Executive the best advice that he requires.

I believe that while the law does provide for it, we have stopped doing it, and we should reconsider the virtue of doing it.

Senator WILSON. If the law provides for that and it is honored in the breach, isn't that a failure of the Commander in Chief?

General KRULAK. Yes.

Senator WILSON. He determines what the role of the Secretary shall be?

General KRULAK. Yes.

Senator WILSON. Do you agree, Mr. Steadman?

Mr. STEADMAN. Yes.

Senator WILSON. Let me ask all three of you a followup question on Senator Warner's concern about the services.

If we are to alter the role of the Chairman, as has been suggested, might that not in some way prejudice the independence of the individual services?

General KRULAK. To begin with, Senator Wilson, in order to be useful under the concept of the Chairman as being capable of providing independent advice and counsel, he must have a staff. He cannot do it, himself.

Moreover, it would be very difficult to have the Joint Staff serve simultaneously, both him and the Joint Chiefs of Staff other than the Chairman. Therefore, you have the implicit threat of something which I would object to.

Senator WILSON. Mr. Steadman?

Mr. STEADMAN. I would not support creating another staff. I agree absolutely with General Krulak that if the Chairman is going to provide independent advice, he requires staff support.

I believe the solution is to have the Joint Staff report to the Chairman and be under his direction.

Each of the service chiefs has access to his service staff to support him in his role as a member of the Joint Chiefs. The Joint Staff can support the Chairman and can prepare a memorandum for comment by the other chiefs. The Joint Staff can fulfill the role without creating an additional staff.

Senator WILSON. Mr. Steadman, following your proposal, wouldn't you run into the danger of Balkanizing somewhat when each member feels the staff was really his staff rather than a collective staff, and wouldn't that create a similar situation?

Mr. STEADMAN. I believe the organization is Balkanized. It is Balkanized just by the way it is established, by the fact that each member of the Joint Chiefs other than the Chairman has an extremely important and large service responsibility and that service responsibility occupies not only most of his time and attention, but his energy as well and that the Joint Staff as now constituted and now operating is really not an independent staff, it is an adjunct to the service staffs and the requirements for coordination at five different levels are such that it really now is a creature of the service staffs.

So, your Balkanization already exists. I think my suggestion would improve the Balkanization, if I can use that kind of analogy, rather than compound the problem.

Senator WILSON. Mr. Odeen?

Mr. ODEEN. Let me go back to your basic question which is how JCS reform affects the role of the services.

In some degree it clarifies and focuses the service roles. The real responsibility of the services is to provide the wherewithal for combat, to recruit and train the people, to provide the materiel and weapons, the units that do the maintenance, training, provide medical support, and so forth. The service role is really logistical support of the forces. Responsibility for operations and planning is assigned to the unified

and specified commands reporting to the Secretary through the JCS and the Chairman.

The kind of changes Mr. Steadman suggested would clarify that split. You now have a very confused state where the chiefs of each of the services, because they are members of the JCS, are still involved to a degree in operations and planning. They do not spend all of their time focusing on their real responsibility which is to provide the where-withal.

It seems to me the proposed reforms clarify the situation. They make the service role less ambiguous and let them focus on support, and let the military chain of command focus on the operations and plans and use of forces in conflict. I think it clarifies rather than confuses the role.

Senator WILSON. Let me ask you, Mr. Odeen, a question with respect to the National Security Council. Many Presidents, including the current President, have come into office with the thought of downgrading the role of the NSC by trying to eliminate any competition with the Secretary of State.

It is a perception of many that within the past year or so the National Security Council has assumed a more visible and active role than was planned.

Is this conflict an inevitable thing, described in the context of the Joint Chiefs of Staff, that you all agree is something General Krulak sees as manageable and desirable as it provides the Commander in Chief multiple points of view?

What would you say regarding the role of the NSC in terms of policy matters?

Mr. ODEEN. I think the kind of steps you saw last year with Judge Clark taking on more responsibility and authority is inevitable.

People often talk of giving the Secretary of State primary responsibility for foreign policy. That is simply not feasible. He has clear responsibility for diplomatic actions, but national security policy has become far too complex for the Secretary of State to have the lead. Economic issues now play a major role in our foreign policy and there are a whole series of military issues and intelligence matters involved, where the Secretary of State simply does not have the responsibility, the knowledge, or the staff to really pull them together.

Given the present state of affairs, it is inevitable that the national security adviser is going to play a key role. It is important for him to play this role and if the system is properly structured, he can play it without seriously degrading the ability of the Secretary of State and other senior officials to play their roles.

Senator WILSON. Thank you very much.

Chairman TOWER. I will reserve my time and recognize Senator Kennedy.

Senator KENNEDY. I have a few questions. If I could just continue on the NSC.

It has been suggested that the Chairman of the NSC ought to be confirmed by the Congress.

What is your reaction?

Mr. ODEEN. I think that would be a mistake for several reasons.

First, the ideal, in my view at least, of how the NSC should operate is for the adviser to be an inside person who is focusing on process issues, making sure the right issues are surfaced and addressed well.

He should be a knowledgeable person with broad experience in the area of security affairs so the President has someone near him who can give him "gut" advice on issues. I think it is important for the national security adviser to be experienced.

My model is Gen. Brent Scowcroft, experienced, knowledgeable, and yet not public in the way that Kissinger or Brzezinski were.

The second objection I have to having him confirmed by the Senate is that it would inevitably force him up to be public. It would mean spending more time on the Hill testifying and meeting the press. It would divert him from his most important role of being a process manager within the executive branch and making sure the issues are addressed and addressed well.

Senator KENNEDY. What about the charter for the NSC? Would a congressional charter provide a greater degree of specificity?

Mr. ODEEN. I think that would be hard to do because the charter depends on the personality of the President, the personality of his Cabinet Secretaries, and the relationship he has with them. Every administration will have a somewhat different approach. I suspect trying to lay out a charter would not only be difficult, but would in effect be ignored. In the real world the President would do whatever he felt made sense.

Senator KENNEDY. General Krulak, do you have any comments about the relationship between civilian and military decisionmakers that you might be able to give us, keeping in mind the obvious institutional requirement for an effective decisionmaking process?

General KRULAK. The relationship first between the legislative branch and the executive branch with respect to the military is somewhat different, Senator. Where the legislative branch is concerned it is largely a matter of advice and response to requirements while the Congress fulfills its obligation to raise and support armies and to provide and maintain a Navy.

They must have advice. It better be broad based from your point of view for your own assurance that you are doing what is wanted.

Where the executive branch is concerned, we have a necessity for the simplest straight line mechanism one can imagine to insure our behavior in the defense of our country is, in fact, warlike.

Earlier I mentioned the need for an unfiltered channel between the President as the Commander in Chief and those who execute his functions. I have adverted to my proposition that the Secretary of Defense would serve best in the capacity of a deputy rather than an institution, and that the relationship between the President and the Joint Chiefs of Staff should be between the President and the corporate body of the Joint Chiefs of Staff.

Now, this is one of those areas which you spoke of earlier, Senator, as being susceptible of solution without alteration. The President today may consult the Joint Chiefs of Staff, on frequent occasions does so, but it has become almost habitual that the chairman speaks for the Joint Chiefs in cases of that sort.

I would say the two relationships I have described, congressional and executive, would benefit by the simplicity of the system I have attempted to lay out.

Senator KENNEDY. Aren't you concerned, that with a structure of that kind, the President might find it more difficult to make a judgment or decision since he does not have that degree of expertise?

General KRULAK. No, I am not, Senator. In every other element of his life he asks for the issues to be distilled out for him and the alternatives with sequential recommendations laid before him.

I see no reason why he should not do that in his capacity as Commander in Chief.

Senator KENNEDY. Thank you, Mr. Chairman.

Chairman TOWER. Mr. Steadman touched on that a few minutes ago responding to a question by Senator Wilson regarding the Joint Chiefs having limited time, and by virtue of the fact they are dual hatted, serving both as operational commanders and members of the Joint Planning Committee, which JCS is.

Let me pose this question for you. I would like to have Mr. Steadman respond first.

Within the current JCS structure, can the Joint Chiefs make a meaningful contribution on controversial issues, particularly when they involve more than one service. In the final analysis is dual hatting an advantage or disadvantage?

Mr. STEADMAN. Let me address the latter part of your question first. On balance, I think dual hatting is an advantage in that it gives the Secretary and the President and the Congress access to the service chiefs and access to the most direct expertise regarding the capability of the forces of their service and on balance I would not want to do away with the dual hatting.

I have concentrated on the latter part and I apologize, but I have lost the first part of your question.

Chairman TOWER. The first part was within the current JCS structure. Can the Joint Chiefs of Staff make a meaningful contribution on controversial issues, particularly those involving more than one service?

Mr. STEADMAN. I don't believe the joint chiefs make a sufficiently meaningful contribution in the areas which contain the toughest questions that must be faced by a Secretary of Defense, and those are the areas of the allocation of scarce resources and the areas of the roles and missions of the services and in areas regarding possible changes in the Unified and Specified Command structure; in short, in the kind of areas in which each service has a real and important vested interest in the decision. When the Chiefs try to address that kind of issue they find that institutionally their own service staffs are protecting the positions of their own service and the Joint Staff is not independent from the services and the result is that bureaucratically and institutionally the Chiefs cannot address it.

If you just took the Joint Chiefs, put them in a room alone and they had to address it as individuals based on their own experience, expertise, et cetera, and you presented them with specific questions and asked for specific answers, you would get them, they would be useful, they would be timely, they would be direct, there would be dissent in many areas, but you would get that kind of advice and the Secretary does get that kind of advice regularly from the Chiefs on a personal basis.

But they do not institutionally and are incapable, institutionally, to deal with tough questions.

Chairman TOWER. General Krulak?

General KRULAK. Someone once said in referring to an organization chart, it is not the boxes on the chart, it is the blokes in the boxes. There is a good deal of basic wisdom in that and this could be what Mr. Steadman is attempting to say.

These are very solid professionals whose whole life has gone into learning how to fight in the air, on the water, and on the land. This is the greatest contribution they can make to the security of the United States.

I doubt very much if they have the ability to wholly disembody themselves from what they have learned over a period of 30-some odd years. But more important, I am sure they should not.

The idea of putting them in a room and getting clear advice from them, I don't know exactly where that room is, but I believe you should lease it because it is a very important room and it should be used habitually.

There is no reason why the Joint Chiefs of Staff should be indicted for institutional disloyalty. I don't suggest that anybody has, but the implication is they cannot give the President or Secretary of Defense an array of options with a series of priorities. I believe they can if it is demanded of them.

Chairman TOWER. Mr. Odeen?

Mr. ODEEN. One area where the institutional barriers simply can't be overcome is in resource allocation. I was heavily involved over a period of almost a year with Secretary Laird in 1970 in revising the planning, programing, and budgeting process. One of Mr. Laird's major objectives was to get the Joint Staff and Joint Chiefs of Staff to participate in that resource allocation process, to get their advice on priorities and on other tough questions. We labored mightily to try to work out a system to make that happen. But, it simply proved beyond the wit of man to do under the present structure. The chiefs were heavily involved in their own service budget development. Their own programs were at stake and they obviously felt they were essential. But it was not only their own background that made it difficult to make compromises. A service chief would find it hard to deal with his own staff and service over the long term if he agreed to giving away programs to other services. All this made it impossible. I don't think these barriers can be overcome.

Chairman TOWER. Thank you.

General Krulak, should the Unified and Specified Commands be more actively involved in the DOD resource allocation process?

General KRULAK. They probably should in the sense of recommendations as they relate to needs.

It is keenly important that everybody involved in making the plan should be involved in one way or another in its execution, and conversely everybody involved in executing the plan should have a part in its composition.

In that sense the Unified and Specified Commands should be called on to make their needs and wants known. I am not sure this is not done in a reasonable degree already, but it certainly deserves emphasis.

Chairman TOWER. Mr. Odeen?

Mr. ODEEN. I think that is important. There have been some improvements in that regard in the last several years by trying to bring Unified and Specified Commands into the process. But they really don't have a spokesman in Washington at the moment. They can come in personally periodically and meet with the Secretary, but they don't have a regular spokesman.

I think some of the proposed changes to give them more responsibility would be helpful in that regard. They often have quite different priorities than the services have. They are much more concerned about training, exercises, logistic support and ammunition, and things of that type.

Chairman TOWER. Mr. Steadman?

Mr. STEADMAN. I agree with both of these comments.

Chairman TOWER. Do you think we should have another comprehensive review of the DOD organization like the 1970 Blue Ribbon Panel, get it to work and try to get a handle on this problem?

General KRULAK. I don't see anything wrong with what you are doing. That 1970 Blue Ribbon Panel won no prizes. It had a couple of minority reports that raised serious questions about the majority.

The hearings you have underway seem to be quite as effective as something ad hoc.

Chairman TOWER. Mr. Odeen?

Mr. ODEEN. I think the time may be ripe for something along that line. I think the need for a careful review is widely recognized. As evidence, witness the whole series of hearings you are holding and the interest shown in them. I think perhaps the time is ripe.

It is a hard thing to do, hard to make such a study effective, but I support the idea.

Chairman TOWER. Mr. Steadman?

Mr. STEADMAN. I am happy to be able to agree with General Krulak. I think that it is not necessary to have another full-scale review such as that panel did have.

Very few of their recommendations were ever implemented because they weren't desired by the incumbents and they were not insisted upon by the Congress and, moreover, as time has gone by it is probably good that they weren't.

I think given the knowledge that you have in this committee, given the knowledge that exists in the comparable committee in the House, that you could come up with a series of evolutionary suggestions or suggestions for evolutionary changes which would meet the problems as you saw them, yourself, and through the eyes of various witnesses.

I make this comment in part because I don't see the requirement for sweeping changes in the organization of the Department of Defense. I see the desirability for evolutionary changes.

It has been 25 years since the last amendment to the National Security Act was made. I think it is time for some additional amendments to that act, but I believe they are evolutionary and not sweeping.

Chairman TOWER. Thank you, gentlemen.

Senator Nunn?

Senator NUNN. Mr. Chairman, I have to be at a markup in Small Business and I am running late. I would rather everybody who has

been here go through their questions and then I will come in with a few.

Chairman TOWER. Senator Wilson, do you have additional questions?

Senator WILSON. I would like to continue the line of questioning that relates to the proper functioning of the National Security Council in the context of its relationship not only with the State Department, but even more so with the Joint Chiefs. I would like to quote from General Krulak's book.

You have commented, "Without detailing the complex planning process, it is essentially one that relates to professional matters." You said, "They should be drawn by the Joint Chiefs, not by the Civilian Resource Board. Then they should be tested against research at the military level, against political factors at NSC levels and then the Commander in Chief."

What would be your view, General Krulak, of how it actually operated over a period of several years?

General KRULAK. The NSC is a committee, and it has evolved into an institution. The planning process began largely within the Joint Chiefs of Staff. The law said they were obliged to prepare plans.

In 1979, Defense Secretary Brown created an institution, the Defense Resources Board, with 16 people, of which one was military. So, as you can see, we have had very substantial changes in the way we have approached strategic planning.

I might say, as one of the other gentlemen has commented, the world has changed, too. This may have stimulated it somewhat; but we have changed greatly.

Right now a very important element in this is the Defense Resources Board which, as I say, was created under Defense Secretary Brown; and it has very comprehensive planning responsibilities which are not administrative or logistic on the whole. They extend also into strategy.

Senator WILSON. Mr. Steadman?

Mr. STEADMAN. I don't think I have any useful comment in that area.

Mr. ODEEN. Let me comment briefly.

I spent 2 years working on the NSC staff with responsibility for most of the defense matters that came to the White House as well as most of the arms control analysis.

I found that the JCS was not able to contribute nearly to the degree they should have to that process, for exactly the reasons they have difficulty in giving advice to the Secretary of Defense. The institutional barriers made it difficult for them to provide solid, unequivocal advice. Everything tended to be compromised, generalized, and it was of very little value.

I was not as deeply involved, but did witness a good bit of frustration in the area of contingency planning, trying to get clearcut military options from the JCS organization in times of crisis. Though I was not directly responsible, I was involved, and again the complexity and bureaucratic nature made it hard for the NSC organization to respond.

I believe changes in the JCS structure could be of great benefit within the NSC system as well as in the Office of the Secretary of Defense.

Senator WILSON. Did you experience difficulty in obtaining clearcut opinions and recommendations from the Joint Chiefs in the area of additional weaponry?

Mr. ODEEN. I cannot really comment on that. At the NSC level we were not involved in those issues. On rare occasions a weapon issue came to us, but most of the issues I dealt with were related to arms control.

Senator WILSON. General Krulak, would you recommend doing away with the Defense Resources Board or altering its composition?

General KRULAK. I would prefer to see its composition altered. Perhaps I am making a parochial expression here, but it is my opinion, considering the very large part strategy plays in the reflections of the Defense Resources Board from day to day, there is something inconsistent with having only 1 military member out of 16 on the Board. It seems to be out of balance.

Senator WILSON. Mr. Steadman?

Mr. STEADMAN. I think it is out of balance also. I don't think you want to add 4 more bodies and end up with 20 members. You can't very well have a chief of staff of the Army without having his civilian superior who is the Secretary of the Army to be a member. So, you have a problem of cumbersomeness.

I do not have a recommendation as to how you solve that.

Mr. ODEEN. Let me comment briefly.

I agree the problem is not to add but to subtract. It is a very large organization. My sense is that they have great difficulty in coping with issues simply because of size. It is hard to operate with any committee of that size.

Back to the point I made earlier about the complexity of the Office of the Secretary of Defense. One reason the DRB is large is that you have all these players at the Assistant Secretary level and all have to be represented. If you can find a way to cut down the number of major players in OSD, you would have less difficulty in dealing with the issue of the size of the DRB.

Senator WILSON. I won't bother to ask General Krulak whether he agrees with your last statement.

Thank you, Mr. Chairman.

Chairman TOWER. Senator Nunn?

Senator NUNN. General Krulak, I assume you have already expressed your views about the Department of Defense, particularly DOD headquarters.

I read your book and thought it was very interesting. I thought you made some excellent points.

I am sure you have already informed the committee of your views on this and the size of the Department of Defense; is that right?

General KRULAK. Yes, Senator, I have.

Senator NUNN. Would you include in that definition of "bloated," and I would rather use another word, the military headquarters we seem to proliferate around the country, not just DOD?

General KRULAK. Yes, Senator. There is a responsive reaction, almost a shock wave that goes through the whole Department of Defense as a result of the very large scope of the Office of the Secretary of Defense, himself.

I would state just these examples.

The secretariats of the armed services themselves must be able to interface with all of the many little elements at the OSD level, but it doesn't end there. It comes right to the Congress.

The staffs of this committee, as an example, must react to this bloated situation, too. And the military staffs at lower levels, although not as aggressively or directly affected, certainly must feel the effect.

Senator NUNN. In this year's authorization bill we had a 5-percent reduction in the Department of Defense, Secretary of Defense's staff, as well as all headquarters around the country.

Do you believe that kind of signal might start serious thinking about sizes over there?

General KRULAK. No, sir. I believe if you gave them a twist of about 20 percent, it might get their attention.

Senator NUNN. So 5 percent is not nearly what you think is needed in terms of a signal?

General KRULAK. That is right.

Senator NUNN. You are thinking 20 or 25 percent?

General KRULAK. To get the attention of the bureaucracy.

Senator NUNN. There are 280 military headquarters, and there are a lot of civilians in those military headquarters.

Do you include that in your definition or are you speaking strictly of DOD?

General KRULAK. DOD. The Office of the Secretary of Defense and including agencies such as the Defense Logistics Agency, Defense Intelligence Agency, Defense Communications Agency, all add up to 80-odd thousand people and that is a lot of people.

If you were to cut that by 25 percent, you would be looking at a billion dollars a year every year, which has some significance.

Of course, you are breaking a lot of rice bowls when you do that. I would dare say your committee would come in for some opprobrium.

Senator NUNN. If somebody came and said the national security of the country would be jeopardized because we cut the Office of the Secretary of Defense by 5 percent, I assume you would strictly rebut that?

General KRULAK. I would do my best.

Senator NUNN. You would say it was a woefully inadequate cut; is that right?

General KRULAK. Yes, sir.

Senator NUNN. Mr. Odeen, what do you say on that?

Mr. ODEEN. I would be hard pressed to argue that you are risking national security with a 5-percent cut. I think it is modest and it could be absorbed with little difficulty.

There is a lot to be said for making cuts in headquarters. You should go beyond the Secretariats, and look at the Systems Commands of the Services and the joint agencies. I think that is well worth doing.

Whether 20 percent is doable or not, I don't know. That is a big cut and I would have to look at it with some care. But there is room for reductions and we would probably benefit rather than suffer if they were made.

Senator NUNN. Could each of you comment on how our national security strategy is formulated in the executive branch and what steps you think could be made to improve that?

I am not talking about the organizational structure, but military strategy of the country that supposedly drives resources.

Beginning with General Krulak, could you comment on that, with any suggestion you have?

General KRULAK. Without attempting to repeat the material which I have treated before, the national security strategy of our country must have its origin with the civilian leadership.

The political element of our Government, the Congress and the Chief Executive, must establish the basic principle. Only when a decision is taken at that level as to what our national aims are, can the military undertake its strategic planning and, incidentally, the logistics planning which must accompany it.

There is nothing wrong with the way we approach this basic concept, it would seem to me, of how it should be done. We only get into trouble when we begin to implement; and that is really what we have been discussing at some length this morning.

I feel basically there is no problem dividing the pure soldierly from the executive in the way we behave, no matter what administration.

Senator NUNN. Any comments, Mr. Steadman or Mr. Odeen, on the national strategy and the way it is formulated?

Mr. STEADMAN. Each administration does it somewhat differently, depending on their style and their personality.

I think this administration seems to be relying importantly on what they call the Defense Resources Board to outline national strategy such as reported this morning in the New York Times, and with the possible exception of inadequate or insufficient numbers of military officers serving on that Board or participating in those discussions, that is as sensible a way to go about it as any.

Mr. ODEEN. I think, Senator, that I would differ a bit from Mr. Steadman on that. The Defense Resources Board is not a good place to develop national strategy.

Senator NUNN. It seems to me they should take the strategy at the beginning point in the allocation of national resources.

Mr. ODEEN. That is right. Each administration has responsibility in the first months of its existence, to sit back and think through rationally what its major foreign policy and security objectives are, and what its priorities are. It is easy to talk about all the things you want to do. You also have to think about priorities. This ought to be done early in the administration.

In this process, you ought to bring to bear the people in the Defense Department, military and civilians, as well as key State Department and NSC advisers. It should lead to a policy framework that the Secretary of Defense can operate within in developing plans and allocating resources to carry out that strategy. This has to be decided by the President and his key civilian and military advisors and done early in the administration.

Senator NUNN. Could you comment on the contributions or the lack thereof of the congressional budget process in this whole area of defense organization and strategy?

Do you have any recommendations for changes in the way Congress itself is organized that would be relevant to this question of how defense is organized?

Mr. ODEEN. I don't think I should be in a position to suggest how you ought to reorganize. I don't want to do that.

Chairman TOWER. Go ahead.

Mr. ODEEN. The budget process plays an important role in terms of forcing the Congress as well as the administration to come to grips with the overall resource allocation issue. I think that is a useful role.

On the other hand, it has made more complex a process that was already very complex. The complexity of the current process is a real problem for the Defense Department. It means the Secretary and key people spend virtually the entire year coping with these series of decisions by the Congress on budget issues.

I would hope that the Congress in its own wisdom would find a way through this problem and simplify the process. It is a major problem for defense. How it ought to be solved, I am not in a position to say.

Senator NUNN. Any other comments on the congressional role?

Mr. STEADMAN. I have a comment.

I think the way the congressional role has evolved has caused Congress to concentrate more on specific line items, be they weapon systems or numbers of people or sizes of headquarters, et cetera, rather than on the broader issues of understanding and accepting or rejecting the strategy that makes up the line item or from which the line items are made up, and on the question of the balancing of the resources between mission and in some cases between services.

I think that is a role the Congress, perhaps not on an annual, but on a regular, basis could very usefully perform in challenging the administration and in seeking to assure itself that it agreed with the fundamentals on which the budget is based.

Chairman TOWER. If I can interject at this point, Senator Thurmond left a question he did not have time to pose, which I think ties right in with what Senator Nunn is pursuing here. It gets down to specifics.

Do you think it would be advantageous for the Congress to authorize and appropriate for the Defense establishment on a biannual basis rather than on an annual basis?

General KRULAK. I am not sure I have a view about annual versus biannual, but he suggests a point I believe is critically important from your point of view.

I am proud to be able to quote Senator Jackson on this subject. The subject is the essentiality of your hearing not only the right people but all the right people.

Senator Jackson said:

How can we conscientiously discharge our duties under the Constitution if there are any impediments, within the Department of Defense, to officers whom we wish to speak freely and give us their full and honest professional advice?

It is critically important if you are to reach your best decision, whether it be on appropriations or anything else, that you have full advice which is what concerned Senator Jackson.

Mr. ODEEN. Mr. Chairman, I believe biannual appropriations and authorizations are well worth consideration. You would only be forced to be involved in the enormous detail of the budget process once every 2 years. You would have the opportunity in that off year to look hard at some of the broader issues that have been suggested here as well worth consideration by this committee.

I think it is a process change that would be helpful. It won't solve all the problems, but I think it is a useful proposal that ought to be pursued.

Mr. STEADMAN. I agree with Mr. Odeen. I think it would help the Congress and I think it would help in the management of the Department of Defense.

Chairman TOWER. Senator Nunn?

Senator NUNN. I had a chance to read the witness' statements even though I was not able to be here at the beginning.

I want to thank each one of you for being here. You have made a great contribution this morning as well as in the past during your distinguished careers.

General Krulak, I enjoyed your book very much. I think you have made some excellent points. The only observation I would make is that you started your book with the proposition of the Joint Chiefs, that the people are talking about that being the problem.

You showed pretty clearly that there was certainly another problem that might be even more important than that. I am not sure the two are mutually exclusive. I think the case you make about the overloading of OSD and all the ill effects that has had is not necessarily exclusive from making changes in the Joint Chiefs themselves.

Do you agree with that or do you think it is either/or?

General KRULAK. I agree with it. As a matter of fact, if you do one without the other, you have solved nothing.

Senator NUNN. I think you have made a real contribution. I thank each of our witnesses.

Mr. Chairman, I think most of my questions have already been answered for the record. I want to thank you for having these hearings. I know you plan to continue them. They may not be as exciting as some of the current news going on around the world, but in the long run they are more important.

Chairman TOWER. We do plan to continue these hearings on a once-a-week basis through the remainder of this session.

I might say to all three of you gentlemen that if you have any additional views you would like to file with us based on what has transpired here today, we would be delighted to have them. We would like to build as complete and authoritative a record as possible.)

[Additional information follows:]

[Subsequent to the hearing, General Krulak supplied the following information:]

ELABORATION IN RESPONSE TO QUESTION BY SENATOR KENNEDY

Senator Kennedy asked me if I would specify, in greater detail, my recommendations for change in the organization of OSD and the Joint Chiefs of Staff. I sought to do so briefly, in order not unduly to invade the time of other witnesses. However, in detailed terms, my recommendations for change are these:

As to the Office of the Secretary of Defense.—Initiate the process of getting the Secretary of Defense and his Office out of the professional area of warmaking by revoking Paragraph 202(j) of the National Security Act, as amended. This is the provision that empowers the Secretary to create the Unified Commands and to issue them their combatant orders. In its place his statutory tasks should be to direct and control the logistic, fiscal, administrative and budgetary side of our national security organization and to direct and supervise the activities of the three Military Departments.

The committee should appraise critically OSD and all of its included agencies, bearing in mind that the entire OSD complex is a creation that did not exist when we won the greatest war in history.

The committee should focus upon those things that OSD should not presently be doing in such detail, those things that it should not be doing at all, and those things that are duplicative of functions of the Military Departments.

As to the Joint Chiefs of Staff.—The first and most significant improvement will come as a consequence of restating the Joint Chief's statutory mission and functions to conform to the curtailment in the functions of the Secretary of Defense.

The second improvement will result from a dispassionate reappraisal of the position of the Chairman in light of the past thirty-three years of experience.

Speaking first to the JCS mission:

Side-by-Side Comparison

The mission of the JCS, Section 141 (b) and (d), Title 10, U.S. Code, now is stated as follows:

It should be revised to read as follows:

"Sec. 141(b). The Joint Chiefs of Staff are the principal military advisers to the President, the National Security Council, and the Secretary of Defense.

"Sec. 141(d). Subject to the authority of the President and the Secretary of Defense, the Joint Chiefs of Staff shall:

"(1) prepare strategic plans and provide for the strategic direction of the armed forces;

"(2) prepare joint logistic plans and assign logistic responsibilities to the armed forces in accordance with those plans;

"(3) establish unified commands in strategic areas;

"(4) review the major material and personnel requirements of the armed forces in accordance with strategic and logistic plans;

"(5) formulate policies for coordinating the military education of members of the armed forces; and

"(7) provide for representation of the United States on the Military Staff Committee of the United Nations in accordance with the Charter of the United Nations; and

"(8) perform such other duties as the President or the Secretary of Defense may prescribe."

The Joint Chiefs of Staff are the principal advisers to the President and other elements of the Government on military matters. They are responsible directly to the President for military advice, for preparing strategic military plans for his approval and for implementing those plans, when directed, through the several unified combatant commands, which they establish with his authority.

Based on those approved strategic plans and subject to the authority of the President and Secretary of Defense, the Joint Chiefs of Staff shall:

(a) analyze the combined military budget and submit recommendations thereon to the Secretary of Defense, to include specification of divergencies and presentation of alternative courses of action;

(b) prepare joint logistic plans and assign logistic responsibilities to the armed forces in accordance with those plans once they are approved;

(c) review the major material and personnel requirements of the armed forces in accordance with approved strategic plans;

(d) formulate policies for the joint training of the armed forces.

In addition, and subject to the authority of the President and Secretary of Defense, the Joint Chiefs of Staff shall:

(a) formulate policies for coordinating the military education of members of the armed forces;

(b) provide for representation of the United States on the Military Staff Committee of the United Nations in accordance with the Charter of the United Nations; and

(c) perform such other duties as the President or the Secretary of Defense may prescribe.

These revisions represent a major change. They establish two clear channels of authority. First, for the transcendent military function—warplanning and warfighting—they create a channel that extends from the Commander-in-Chief to the combatant forces through military chain of command, as well as an unfiltered channel of military advice for the Commander-in-Chief. Second, they make clear the distinction that in all other matters the actions of the Joint Chiefs are subject to the authority of the Secretary of Defense, emphasizing particularly that it is through the Departmental system that the defense budget is evolved, but that the Joint Chiefs of Staff, the nation's corporate military leadership body, has the responsibility to evaluate that budget for the Secretary of Defense, in terms of the strategic plans which have been approved by the Commander-in-Chief.

As to the Chairman of the Joint Chiefs of Staff.—The 1949 amendment created a Chairman to do no more than fix the agenda and preside at JCS meetings. Successive further amendments saw the Chairman's power grow, as the manager of the Joint Staff and as the habitual sole representative of the Chiefs. This tended often to obscure the fact that it is the Chiefs who are the "principal military advisers," not the Chairman and that the strength of the JCS is found in the fact that it is a corporate body. It brings together in a single place the judgment of the most competent military minds in all of the forms of warfare, whether they be on land, at sea or in the air. The importance of this judgment, deriving from long professional experience, cannot be overestimated.

The diversity of the JCS membership assures that there will rarely be total agreement as to means, methods or priorities, but that is one of the virtues of the system. As a corporate body, the Chiefs have the capability of distilling out any divergencies in their deliberations and laying before higher authority, in clear terms, the options available. This is exactly the way they functioned in World War II. The common complaint that the Chiefs are ineffective because they often disagree is unjustified. The President's advisers in other areas—economics, politics or diplomacy—diverge as a matter of course and present him with options. His military advisers have rarely been asked to do the same. If they were, being loyal and competent professionals, they would do it, and in a timely and relevant manner.

All of this underscores the reality that it is the combined minds of the Joint Chiefs as a body that will give our strategic plans the warlike practicality that creates confidence at home and deters aggression abroad. It is idle to believe that the Chairman alone can synthesize the perspectives of those minds, represent all of their views fully in discussions and respond to questions on their behalf with the effectiveness and scope of the corporate group itself. The concept of a Chairman as the sole spokesman certainly makes matters simpler for those receiving the recommendations because there will be no divergencies in the advice. But avoidance of disagreement does not make the recommendations better; it may very well make them worse.

The very existence of the Chairman, in his present role, degrades the Joint Chiefs as a corporate military body and diminishes their usefulness to the Nation. That usefulness will be degraded further should current proposals for additional enhancement of the Chairman's authority be translated into law.

The overriding reality is, while the concept of a JCS has proven its case, the concept of a JCS Chairman has not. It is time to acknowledge that reality and to eliminate the office. To meet the need for an individual to preside over JCS meetings and to fix their agenda, the individual Chief's could discharge the function in succession, establishing the precise procedure as an internal matter. To accomplish this step would require modification of Paragraphs 141, 142 and 143 of the amended National Security Act (Title 10, U.S. Code).

ELABORATION ON RESPONSE TO QUESTION BY SENATOR WARNER

Senator Warner asked if I believe it desirable that your body examine into the issue of roles and missions of the Armed Forces. I responded affirmatively, commenting that roles and missions are congressional business.

When the National Security Act was under discussion in 1946 and 1947, the Chairman of the House Committee on Expenditures in the Executive Department, Representative Clare Hoffman, to whose committee the legislation had been referred, was determined that the roles and missions of the Armed Forces should be carefully spelled out. This view was shared by the Senate Armed Services

Committee. However, under strong pressure from the President for them to come forward with an agreed bill, a House-Senate conference agreed to express the roles and missions in general terms only. That was done, and with such perceptiveness that they have endured unaltered since that time.

Now, such a review is desirable if, for no other reason than to underscore the direct involvement of the Congress in what the military services are, how large they shall be, how they shall be constituted and for what purposes.

I believe, however, that such a review should be undertaken separately from the on-going examination into organization.

ELABORATION IN RESPONSE TO QUESTION BY SENATOR NUNN

In discussing the size of the Office of the Secretary of Defense, Senator Nunn asked my reaction to the prospect of appropriations legislation that would result in a personnel reduction of five percent. My response was that twenty percent would be a more meaningful figure.

My comments in this area were addressed solely to the Office of the Secretary of Defense which, for this purpose, I characterize as including the major Departmental staff agencies—Defense Intelligence Agency, Defense Logistic Agency, Defense Communications Agency etc., which now aggregate some 88,000 people. I do not intend, in discussing personnel economics, to include the three Military Departments or the several Armed Services. My study focused on personnel excesses in the Office of the Secretary of Defense only.

Chairman TOWER. Again, I want to thank you all for coming here today. You have played a very substantial contribution to what we are trying to do.

Thank you, General Krulak, Mr. Odeen, and Mr. Steadman.

The hearing is adjourned.

[Whereupon, at 12:10 p.m., the committee adjourned, subject to the call of the Chair.]